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Congressional Record

PROCEEDINGS AND DEBATES OF THE 101st CONGRESS, SECOND SESSION

HOUSE OF REPRESENTATIVES—*Monday, June 11, 1990*

The House met at 12 noon and was called to order by the Speaker pro tempore [Mr. HAYES of Louisiana].

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
June 11, 1990.

I hereby designate the Honorable JAMES A. HAYES to act as Speaker pro tempore on this day.

THOMAS S. FOLEY,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We pray, O God, that the pride of accomplishment that we know as a people, will not be the same pride that keeps us from acknowledging You as our Ruler and Guide. May not our success and attainments make us so self-sufficient that we do not feel the necessity of Your redeeming and refreshing grace. In Your name, we pray. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Secretary be directed to return to the House of Representatives the bill (H.R. 3656) entitled "An Act to amend the Securities Exchange Act of 1934 to improve the clearance and settlement of transactions in securities and related instruments, and for other purposes," in compliance with a request of the House of Representatives for the return thereof.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 1109. An act to amend the National Trails System Act to designate the California National Historic Trail and Pony Express National Historic Trail as components of the National Trails System.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 396. An act to amend title 11 of the United States Code, the Bankruptcy Code, regarding swap agreements and forward contracts;

S. 666. An act to enroll twenty individuals under the Alaska Native Claims Settlement Act;

S. 1719. An act to designate segments of the Colorado River in Utah within Westwater and Cataract Canyons as components of the Wild and Scenic Rivers System, and for other purposes;

S. 2205. An act to designate certain lands in the State of Maine as wilderness; and

S. 2700. An act to authorize the Secretary of Veterans Affairs to proceed with a proposed administrative reorganization of the regional field offices of the Veterans Health Services and Research Administration of the Department of Veterans Affairs, notwithstanding the notice-and-wait provisions in section 210(b) of title 38, United States Code.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. The Chair recognizes the gentleman from Arizona [Mr. KYL] to lead the House in the Pledge of Allegiance.

Mr. KYL led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

SUPPORTING CONSTITUTIONAL AMENDMENT ON THE FLAG

(Mr. BROOKS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOKS. Mr. Speaker, this morning's decision by the Supreme Court striking down as unconstitutional the Flag Protection Act of 1989 is a grievous blow to those of us who cherish the freedoms and values symbolized by the flag of the United States. I am certain that the overwhelming majority of the American people share my concern that this emblem of our nationhood must not be subjected to physical desecration.

Mr. Speaker, for more than two centuries the American flag has stood as a symbol of the freedom and values that we cherish as a nation. As a Texan who is proud of his Nation's heritage, as a marine who fought under that banner, and as a Member of Congress who has worked in the shadow of the flag back of the Speaker's chair for over three decades, I believe it is imperative that the Congress take action to ensure that the flag will be protected from physical desecration. For that reason, I will support a resolution proposing an amendment to the Constitution authorizing the Congress and the States to prohibit the physical desecration of the flag.

I have scheduled a meeting of the Judiciary Committee for Tuesday, June 19, to consider a constitutional amendment and I hope we can have it on the floor before July 4.

SUPPORTING A TRADE AGREEMENT WITH MEXICO

(Mr. RICHARDSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, many people anxiously awaited the recent meeting between President Bush and Mexican President Carlos Salinas de Gortari. This meeting, de-

signed to lay the groundwork for formal negotiations to lift trade barriers between our two countries, comes at a critical time in the world trade market.

Many people, especially those suspicious of United States motives with regards to Mexico and trade, question the merit of such an agreement to the United States. I believe there are many reasons why such a trade agreement with Mexico will benefit the United States.

With the advent of the European economic bloc—EC 92—and the continually expanding Pacific Rim/Asian economic bloc, the United States must move forward with building a competitive North American economic bloc. If we fail to do so, we will soon find ourselves swallowed up by Europe and Asia in the global market.

A free-trade agreement will also prove to be of great economic benefit to the depressed border regions of both the United States and Mexico. Local communities along the border region lack the fundamental capital investment needed to revitalize their economies. A free-trade agreement would go a long way in rectifying this problem.

Yes, there will be opposition from organized labor to any free-trade agreement, others believe there is great potential for increased migration into the United States from Mexico. While I understand such concerns, a free-trade agreement with Mexico does not mean our borders with Mexico will open up to increased migration. What it does mean is that products will be free of tariffs and other barriers to trade.

Accordingly, I will introduce today legislation urging President Bush to move forward with negotiations toward a free-trade agreement with Mexico. As our third largest trading partner, with over $52 billion in bilateral trade, it is in the interest of both the United States and Mexico to form this agreement successfully.

IN IDAHO WATER IS THE LIFEBLOOD

(Mr. CRAIG asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CRAIG. Mr. Speaker, in Idaho, water is gold.

That is why Idahoans get more than a little testy when outsiders try to tell us how to use it, or when they devise plans to take it away from us.

Several weeks ago, the Supreme Court not only challenged Idaho, but all other States by stripping State control over water flow at federally licensed dams.

This represents a Federal power grab of the worst kind, one that Idahoans simply cannot and will not tolerate.

That is why I introduced H.R. 4921 to overcome the Supreme Court's water decision the very week that decision was made.

Whether passed in its original form or amended, my bill will serve as a means of reestablishing State primacy over water resources.

This is important to Idaho and all other States, and I ask all Members to join me as cosponsors.

I also want to thank Idaho's Governor, Cecil Andrus, for taking an active interest in this problem. He has announced the formation of Idaho's "water law defense team" to guide the State through perilous waters.

I have already sought the advice of some of this group's expertise, and am glad to have them involved.

Water is precious in Idaho, and we're not about to let anything wrench it away from us. Not the Supreme Court, and not the great water hog, California.

LAND OF THE FREE

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, the same freedoms that are sweeping through Russia and Eastern Europe were preserved today by the U.S. Supreme Court.

If America stands for one thing in the world it is freedom—the land of the free. I salute the Supreme Court for its courageous decision today. We have survived 200 years as a beacon of freedom and democracy in the world because our Constitution guarantees us freedom of speech—freedom to agree and freedom to disagree. It would be a sad irony if while much of the world is regaining their freedoms, we would start to chip away at ours.

Some politicians, including President George Bush, will rush to take political advantage of the flag-burning decision. By contrast, the Bush administration does virtually nothing in the face of the savings and loan scandal, the largest financial swindle in United States history.

President Bush thinks it is OK to burn taxpayers' money, while hiding behind the flag.

LET US NOT WEAKEN OUR BILL OF RIGHTS

(Mr. EDWARDS of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EDWARDS of California. Mr. Speaker, I spent the first few years of my life, after going to law school, first for 2 years as an FBI agent and then 4 to 5 years as a naval gunnery officer at sea.

Mr. Speaker, I am really distrubed to think that within a few days there will be an attempt to weaken the free-speech portion of the Bills of Rights. Mr. Speaker, we are the only country in the world that has this Bill of Rights, and all over Eastern Europe and Central America, South America, people wish they have a Bill of Rights. And to think that at this time, because of some foolish young men who might burn the flag, that we are considering, even considering taking that Bill of Rights and making it weaker, saying to the world that we no longer trust each other, we no longer trust free speech.

Mr. Speaker, I do hope and pray that the President's amendment when it comes up in the House and the Senate will be roundly defeated.

A PROPOSED CONSTITUTIONAL AMENDMENT PROHIBITING BURNING OF THE FLAG

(Mr. KYL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KYL. Mr. Speaker, I would like to commend and applaud the efforts of the gentleman from Texas [Mr. BROOKS] chairman of the Committee on the Judiciary, who announced this morning his intention to take the proposed constitutional amendment to allow the Federal Government and the States to prohibit the burning of the flag.

I think that that expresses the followthrough on a commitment that was made earlier that if the Constitution or if the Supreme Court should rule that a statute prohibiting the burning of the flag was unconstitutional, that this body would take up such a resolution, and I commend the chairman of the Committee on the Judiciary for his speedy action to assure that that is done.

□ 1210

In my view, Mr. Speaker, it is not necessary to engage in free speech to be able to burn the flag. We have many other ways of expressing our feelings than burning this very scared symbol of what America stands for, and as a result I think it is entirely proper for us to adopt the constitutional amendment and to permit the State themselves to determine for themselves whether they wish to amend the Constitution to prohibit the desecration of the American flag and thereby protect this symbol of the United States of America.

SUPPORT URGED FOR MICHEL-MONTGOMERY AMENDMENT TO THE CONSTITUTION ON FLAG BURNING

(Mr. GINGRICH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GINGRICH. Mr. Speaker, a number of us warned last year that the Democratic leadership's bill to protect the flag would prove to be unconstitutional. We said at the time it was clear from the Supreme Court's earlier decision that only a constitutional amendment would work.

We would be 9 months ahead now in getting a constitutional amendment adopted had our advice at that time been taken.

I would urge every Member to join in supporting the Michel-Montgomery amendment to the Constitution to provide for the right to protect the flag. The flag is a symbol of the United States, and I think it is very important that we be allowed to protect symbolically the United States and to communicate the fact that there are some symbols worth providing special protection for. I urge every Member to join in supporting the amendment that the gentleman from Illinois [Mr. MICHEL] and the gentleman from Mississippi [Mr. MONTGOMERY] have introduced.

THE FOUR HORSEMEN OF THE AMERICAN APOCALYPSE OF DECAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia [Mr. GINGRICH] is recognized for 60 minutes.

Mr. GINGRICH. Mr. Speaker, I will not talk for the full 60 minutes, but I do want to take a few minutes to talk about the citizens opportunities movement and the work that we did on May 19 when we had an American Opportunities Workshop which was broadcast on the Family Channel and which appeared with over 600 workshops across America, including a number of local cable access channels, which then showed the local workshop. And I want to talk about the concept of the citizens opportunity movement, which is very, very important to America's future.

We are faced in a sense with the Four Horsemen of the American Apocalypse: The threats of drugs, of violent crime, of ignorance, and of debt. We have a very real danger for our children and our country that if we do not solve the problem of drugs, we will be an addicted nation incapable of competing in the world market, incapable of protecting ourselves, and incapable of sustaining freedom, because a drug-addicted citizenry is hardly a citizenry capable of governing itself.

If we do not solve the problem of violent crime, we are literally losing control of our neighborhoods and of the very fabric of civilization. The right to personal security is a right which is central to the Constitution, and all Americans have the right to expect that their homes, their neighborhoods, their streets, and their schools will be safe. And yet today we know that is not true.

Ignorance is an increasing problem, particularly in America's largest cities where our public school systems seem to have collapsed, where the great bureaucracies in New York, in Washington, in Philadelphia, in Detroit, and in Chicago are simply failing to educate an entire generation, leaving young people trapped in poverty, trapped in crime, and trapped in neighborhoods that have drug addiction because the system of education is simply no longer working.

And finally, every American is faced with the threat of a debt structure which could come tumbling down. We have the Federal debt which grows ever larger, we have the debt coming out of the savings and loan scandal, we have the debt coming out of personal indebtedness, with the fact that for a generation we have spent more than we have produced, and that whether, as a private citizen, a corporation, or a country, we are not facing up to the necessity to put our financial house in order.

These Four Horsemen of American Decay are very, very dangerous, and they are very, very real. Every American knows that drug addiction is a problem, every American knows that violent crime is a problem, every American knows that the decay of our biggest city schools is a problem, and that the ignorance it produces is a threat, both economically and politically, and every American knows that we cannot continue to pile up debt. Yet in Washington and in the bureaucratic welfare state in general, it is business as usual; it is protect the bureaucracy, protect the special interests, protect the unionized work rules, and continue pretending that somehow we can move forward if only we can raise taxes and send more money to the bureaucracy, if only we had more than $29 billion—that is right, $29 billion—which is this year's New York City budget.

I would suggest to the Members that with $29 billion, Mayor Dinkins has enough money. The problem is structural reform.

I would also suggest that if we look at what Governor Florio is doing in New Jersey, that tells us the difference between the bureaucratic welfare state of the Democrats and the reform Republicans. When Governor Kean was Governor of New Jersey, he wanted to help the children of Jersey City, so he investigated Jersey City's schools, and in a report which was a thousand pages thick he proved conclusively that Jersey City schools were not being run for the children, they were being run for the politicians, that the local political machine was exploiting and using the money that should have gone to help children and was instead going to their cronies.

For example, they found a fire extinguisher inspector who was getting $54,000 a year who had not been to work in 3 years because he had been given a political job. So for 3 years they had diverted $54,000 a year away from the children of Jersey City, and in addition, they had high schools that had not been inspected where the fire extinguishers did not work and there was the danger of a fire trap killing Jersey City's young.

Governor Kean came to the conclusion that the only solution for Jersey City was for the State to intervene and take over the work because the local machine was so corrupt and so out of question that something had to be done. The result was that the parents actually signed petitions asking that their schools be first, that far from resenting or being opposed to what the Governor was doing, people were excited to think that their children would actually have a school that was run for the children instead of for the politicians and the bureaucrats.

Now we have Governor Florio, in many ways a product of the city machine, a man elected with the support of the machine. His answer is to cut out all financial aid to the suburbs in order to pile even more money up for the political machine.

My point is simply this: I do not care how much you sent to New York or to Newark to Jersey City, as long as we have unionized work rules, a bureaucratic welfare state structure, and a massive political bureaucracy kept in place by a machine, you are not going to be able to get the schools to work, get the streets to be safe or get public housing that is habitable. So I think we have to confront the need for real reform and for real change.

On May 19, we outlined that need in the American Opportunities Workshop in a 1-hour television program which came live from six locations, from Sea Island, GA, Newnan, GA, San Diego, CA, Orange City, IA, Detroit MI, and Portland, ME. The program was broadcast into millions of homes on the Family Channel, and it was broadcast into over 600 workshops sites around the country.

In Manchester, NH, after the 1-hour television show, there was a local workshop led by the mayor of Manchester, and that was broadcast on local cable access. In St. Petersburg, FL, they took a different approach. They taped the program nationally, and the following week they had a

show in which they locally produced on their local cable first the national program which they rebroadcast and then a local discussion with Democrats and Republicans alike talking about how to apply these new ideas.

□ 1220

Our point in the American Opportunities Workshop was to suggest that we have to actually replace the bureaucratic welfare state, that it is not possible to make it work effectively, because the basic design of the bureaucratic welfare state and of its unionized bureaucracy is now hopeless. We found a lot of support for that, and indeed, this last week, the Brookings Institution, normally a liberal institution, produced a report which argued that only by going to educational vouchers can we have a public education system that works, that only by giving parents a choice by recreating a marketplace, by allowing parents to decide where the money should be spent, will we put the kind of incentive system in place that will improve our schools so our children will have a chance to get the education they need in order to defeat the danger of ignorance.

It is fascinating in that sense that, when one looks at the basic premise of public education, it is not public bureaucracy, it is not public monopoly, it is not any of the things it has grown into in any of our biggest cities. The basic tenet of public education was that we would collectively tax ourselves in order to ensure that children learn, and many of us now believe on a bipartisan basis, led by people like Polly Williams, the State representative from Wisconsin, who is a Democrat, who is a Jesse Jackson cochairman, who has introduced and passed a voucher bill which will provide this fall for a thousand children in Wisconsin to have a voucher. A thousand poor children below the poverty level in Milwaukee will have an opportunity to have a voucher this fall, because they will be able to test whether they can get a better education by going to the best school that is available rather than being trapped into a monopoly in which the bureaucracy decides what they will do.

That bipartisan commitment to real reform is growing, and my colleagues will see in the Brookings Institution report by Chubb and Moe, a report on how to reform and rethink public learning, the realization that, when we get to bureaucracies the size of Chicago, and Philadelphia, and Washington, and New York, it is impossible to reform them and make them reform and work. They are simply too big, they have too much redtape, they have too many work rules, they waste too much money, and they take too much power away from parents, and what the Brookings Institution has concluded is that we have to return to a system where parents have real choices so that they have real impact on their children's education.

But the effort is deeper and more than that. As I said earlier, the four dangers are not just ignorance. They are also violent crime, drugs and debt, and I think my colleagues will see in, for example, the bill that Senator PHIL GRAMM and I have introduced in the Gramm-Gingrich bill on drugs that it is possible to use common sense to develop approaches on drugs and crime which will, in fact, make America more successful. We think, for example, as a commonsense first step that, when the President decides that there are some military bases, fairly large military bases, that are now surplus that we no longer need, that the first three or four of those bases should be turned into prison sites so that we have more than enough prison space to house the criminals, that there is no excuse to be told that we have to put violent criminals or drug dealers back on the street, that in fact, if we use common sense, we have more than enough space, space in very, very large military bases where no civil community has to be worried, where no neighborhood has to be threatened and that, if we would, furthermore, use common sense, including in some instances prison labor so that the prisoners themselves would build the next prison, there is no reason it has to be prohibitively expensive.

During the American Opportunities Workshop the sheriff of Paulding County gave a very clear example of Perry Grogan, who is the sheriff of Paulding County, GA, which is in my district, which was on the program in the American Opportunities Workshop, pointed out that he had reduced the cost per prison bed from $80,000 to $24,000, had built a prison twice the size of the original plan, 200 beds instead of 100 beds, that they now for the moment had a surplus of beds which they were renting to the Federal Government to house Federal prisoners and that, in fact, the local jail had become a profit center for the county government because they were making more than it actually cost to run the jail by renting out the surplus space.

If we simply apply common sense focused on those kind of opportunities and success, we are convinced that it is possible to replace the bureaucratic welfare state to defeat drugs, violent crime, ignorance and debt and to provide for our children and grandchildren a 21st century America that is prosperous, safe and free.

Let me say one last thing. It is our hope, with the help of the people at National Review, who published a special supplement for the American Opportunities Workshop, it is our hope, with the help of people at the Family Network or at the Family Channel, that we will be able to have an additional program on July 21 at 10 o'clock in the morning that will be another workshop available to anybody who has cable access and can receive the Family Channel that will be available to anybody with a satellite downlink and, in addition, that that will be available to workshops, and we have had over 400 workshop sites already indicate that they would like to participate in another workshop, and we are urging them to talk with their local cable access to find a way to have their local workshop on local cable television so that we can continue the process of launching a citizens' opportunities movement and creating the kind of reform potential that will truly allow all Americans to deal with drugs, violent crime, ignorance and debt and to create a more successful and more prosperous America.

MY ADVICE TO THE PRIVILEGED ORDERS

The SPEAKER pro tempore (Mr. HAYES of Louisiana). Under a previous order of the House the gentleman from Texas [Mr. GONZALEZ] is recognized for 60 minutes.

Mr. GONZALEZ. Mr. Speaker, to continue the discussion of last week with respect to the need for the American people to be duly informed, and for those of us forming part of the first branch of the Government, the Congress, the representative branch, to not abdicate the constitutional responsibility with respect to the derogation of war, the fact is that we have been living in a twilight era with respect to Presidential wars, which I think is a most fundamental issue that has confronted this history since the end of the host-shooting phase of World War II.

Mr. Speaker, I have consistently pointed to that, as I have said on previous occasions, before I ever thought, one, that I would be involved in political activity or that, much less, ever be a Member of the Congress.

I was very concerned at the time the United States became involved in Korea, and the Presidents, even though President Truman, unlike subsequent occasions with the exception of the invasion of Santo Domingo on the orders of President Johnson; they had the support or, in the case of the Korean war, the United Nations. We did not go unilaterally, at least technically, and in the case of Santo Domingo, the approval of the OAS. But every one of the other interventions by our Armed Forces had been unilateral, as in the case of Vietnam, and have been under no particular approval on the part of any other nation with token troop contributions from

Australia, for example, and even during Korea and the Vietnamese war.

But these were token, and actually we were there unilaterally and without the support of world opinion.

As a matter of fact, we never did obtain anything nearing a consent for that intervention, as well as in the case of Lebanon, the case of Grenada, and now, certainly, what is our interventions and occupations of several Central American countries because indeed, in fact, those words may sound far-reaching, but they are true in fact.

Mr. Speaker, we are in open occupation, at least in Panama and in Honduras, so that it is a prime issue. It continues to be, and until the American people face it, and they cannot accept indirectly through their elected agents, and that means the Congress and, of course, the executive branch. These are the elected officials that the people depend on.

□ 1230

Through them and their expectancy that at least the constitutional basis of our Government, the independence, the separation, and the coequality of the branches of government are going to be supported in the case of the Korean conflict, and as I said, I was just a citizen, I expressed concern about the conscription of Americans on a selective basis and impressed in the case of those unwilling to serve outside the continental United States against their will; but of course, those were back-home discussions, some with academic leaders of the area, the universities and colleges of the area, some with fellow lawyers, but I never once had any kind of a knowledgeable rebuttal.

When I found myself elected to the Congress and after having served on the local legislative level and the State legislative level where equally I was sensitive to the upholding of the State legislature's constitutional oath as well as of the city council, and that was in the case of segregation. On the city council it was a real shattering experience as we were going into the second year of a 2-year term that we were presented by the city manager then in the month of May, as a matter of fact late May, with a dilemma. He passed it over until the first week of June and that had to do with the opening of the swimming pools.

Nineteen fifty-four was the year which had announced in May the Supreme Court's pronunciamento in the case of Brown versus Schoolboard that separate, but equal, was not constitutional.

Well, down in my part of the country, perhaps in San Antonio not as much as in some of the other denser urban areas, such as Harris County, Hoston, Dallas County, Dallas, where you had a very substantial minority, that is black minority, in San Antonio historically and to the present the black presence has never been much over 7½ percent of the total population, but I was astounded when on June 19, and mind you, June 19 in Texas is emancipation day. That has commonly been referred to as Juneteenth. We were asked to attend a special called session of the council, and preceding it a precouncil meeting, and at that point the mayor said, "Well, gentlemen, the city manager has a dilemma. He wishes to discuss it with you."

The city manager said, "Well, you know, I am a former FBI agent and I have information to which I am privy that if we attempt to open the swimming pools in San Antonio we will have violence on the north side."

Well, the north side is the affluent side, and then even the peripheral areas of the north side said, "We will have some blacks," although he did not use the word blacks, "attempting to force themselves into the swimming pools, and, of course, it will be resented and we fear violence."

So he said, "I have consulted with the city attorney and now I will turn it over to the city attorney."

The city attorney reported that he had searched the ordinance books and ever since San Antonio became a municipality, somewhere around 1839, after Texas had gained its independence and under the Constitution of the Republic of Texas and subsequent to the State having gained entry to the Union in 1847 after the war with Mexico, had never bothered, he found to his great puzzlement, no segregatory ordinances with respect to tax-supported municipal facilities. The city just depended on custom, the Jim Crow State laws and those few Texas constitutional prohibitions, such as prohibiting miscegenation between the races and the like.

He said, "Well, we have a real problem. The only thing I can suggest to you, gentlemen, is that you give us your views. What is your policy? What do you want to do about it? Do you want to pass an ordinance at this date that would prohibit the use of these tax-supported facilities such as swimming pools to the blacks?"

At that point I asked the mayor if the attorney would yield to me and I said, "Well, now, Mr. Bright, why in the world at this time when the trend constitutionally and legally and every other way is in the other direction should we now at this time think of passing and adopting such type of legislation? Surely the school board decision has no impact on the municipal facilities, but they will follow as morning follows night when restrictions are placed and this minority seeking its rights under our Constitution will go to court and the court unquestionably, and I think you are a good lawyer enough to know, will find it hard to distinguish in the use of tax-supported facilities of this municipality and distinguish between taxpayers."

And he said, "Well, be that as it might, the only thing we can do is what you seek as policy and then, of course, if it is contested in court, the judge will decide."

The mayor stopped me and he said, "Look, let's get on with the business. Ralph, what will it take?"

The city attorney then said, "Well, we could try to draft some ordinances, but what do you want? What about the golf courses?"

So incredulously, I heard one or two of the council members say, "Well, on golf links, why don't we let them use the east side golf links maybe on Thursdays from 1:30 to 7 p.m., but not the Brackinridge golf links, not the other golf links," the Riverside golf links of that day.

I said, "That doesn't sound at all right. It makes no sense."

He said, "As to the swimming pools, absolutely; what we can do is say that with the exception of the Lincoln Park swimming pool," well, that was in the segregated areas anyway, "the others will not be open to citizens of black descent. With respect to the municipal auditorium, well, once a month they might have the privilege of using it on a given day."

Well, I could not believe it. I showed my opposition and shut up.

They called a regular call meeting for 2 hours later because the city attorney said that it would take about 2 or 3 hours to fix the paperwork.

We went in. This was June 19, 1954, and lo and behold, they called the roll and, of course, I was a dissenter.

I had the great privilege with a new set of councilmen, and incidentally, it was considered political suicide. At that time I did not look upon myself as venturing into politics. I thought the city council would be like a board of directors. You meet once a week and then, as now, the compensation was $20 a week for no more than 40 weeks. That was all we were given at the time. Today there is a more elaborate system. You have individual member districts. At that time I served on the council and the two times I ran for election to the council, I had to run citywide. We did not have individual districts.

So times have changed, and I think improved matters as far as council duties are concerned, but in that day and time it was looked upon very simplistically, and I thought so, too.

I soon discovered that we were getting into very, very divisive issues.

□ 1240

All of a sudden I am attacked for my vote by a member of the San Antonio Police Department, a sergeant who turned out to be the organizer of the

White Citizens' Council, and he denounced me as a, well, in terms that I do not think, even though they were printed in the San Antonio papers, I do not think that I would want to recall those bitter days that way by printing them in the RECORD. Suffice to say that it was a period of trouble and travail and some perplexity for me. It got a little nasty. The phone calls would come to the house. My wife would take them, and somebody came by in front of the little old house we were living in then and threw a roughly made cardboard cross. It did not burn, because, I guess, they did not know how to do it. It did not scare, but it did make me wonder, and it just made me dig in.

I was resolved right then and there. Then other issues arose that confirmed that I would be seeking reelection as an independent the next year, which I did, and was the first independent and the only member of that council reelected in 1955 with the sum total of $750. I realized now what a miracle that was. At that time I was very naive, and I do not think it was naivete. I think it was basically the way I felt and thought as I do today. By golly, I discovered that the people were there. I thought I did have no chance. I had four opponents running citywide and could not raise money, had no organized support, but I had worked diligently on the council.

I had spoken out on all of the issues coming across from the labor union contract with the then privately owned transportation system to the reform of the city water board, which at that time, incidentally and I say this sadly, like the present utility, the city public service board, which is the light and gas company, it was a remnant of the cold rotten borough system where there are the self-perpetuating boards, and the people had no direct control. I led the fight to reform, but I could not gain it until we got the new council.

I was the first independently elected under the form of government known as council-manager form of government. It was a happy occasion when, less than 2 years after that fated June 19, 1954, I had the great privilege of introducing an ordinance which I was able to persuade the members to do so unanimously that did away with all discrimination based on race, color, or creed in any tax-supported municipal facility. It was not easy. We had had a discussion meeting the night before, and the vote was really 5 to 4 against, and then through the help of a fellow councilman whom I had known since he was going to law school, he persuaded one other member, and then I made my pitch on the basis that it ought to be united, that our city and our people would forge ahead, and the spirit of unity would communicate, and it did.

Lo and behold, the mayor of that city within 24 hours had cablegrams, telegrams from Switzerland, from Europe, from the United Nations, congratulating him and the council, because it was the first city south of the Mason-Dixon Line that desegregated that way.

I am saying all of this and reciting all of this history in order that my colleagues would realize that whenever I have taken this forum and whatever resolutions I have introduced have never been in any but the most serious and most considered and after time-consuming study and evaluation, drafted and presented for the colleagues all through the years. I have introduced resolutions of impeachment, and I stood behind them. Unfortunately, I could never get a hearing. I did not introduce an impeachment resolution in the case of President Nixon, because others were doing it that were on the Committee on the Judiciary, and there was no need for me to join that chorus.

But in other cases, I think history will show, as it is beginning to, that the Congress escaped and abdicated a responsibility in not calling the chief executive to account to his constitutional obligations. My contention is that if that is permitted to go on and we have not learned how getting away from our laws, traditions, customs, precedents and Constituion is related in direct proportion to the mischief we have gotten into and to the extreme cost in blood and money; my charge, when I did come to the Congress and during the Vietnam war, I guess I was as much perplexed and bothered as any Member, but I spoke in this well, and I said that the President, in my opinion, did not have the constitutional right to impress and conscript an unwilling American and send that outside of the continental United States into an undeclared war, and until the Congress declared war or expressly provided for it, as there are several powers given in these special listed categories of powers inherent in the Congress and explicitly restricted and singularly so to the Congress, the Congress can do more than just a declaration of war, and there are several things that it can do under those enumerated powers in the listings there. But until the Congress does, it is my contention that no President has that power, if that is the case, and as I said all during the 1960's then we do not have a constitutional system which was envisoned when the man sat and wrote the Constitution in Philadelphia, because the one thing they feared the most was exactly that. This is the reason why, as I said last Thursday, that the first 10 years of our nationhood which was really the First and Second Contintental Congresses, and the Articles of Confederation that followed, they did not bother to even have an office that remotely looked like a Presidency. They did not call it the Presidency. They called it the chief magistrate. So that when they did, they were absolutely positive and clear that such a thing as the power to make and wage war would not be in that executive. I would be only, and only, in the Congress.

There are three real basic constitutional powers that Congress has. One is that one, the power to declare war exclusively and solely residing in the Congress. The second is the control of the purse strings. All tax matters, all revenue matters, must originate in the House of Representatives. But lately those two have been eroded. The only thing we have left, and it depends on how we exercise that one, is the third, the power to investigate, only under the Constitution, for a legislative purpose, and the Supreme Court has upheld that power in its pristine sense. It has said in opinion after opinion that the Congress' right to know is paramount, and this is where I am coming in now.

I said Thursday that when the President ordered the invasion of Panama on December 20 last year, and I say this with respect, and because I do have affection for the President, it was a mistake. It was in violation of law, both domestic law as well as international law.

Our Constitution says that the corpus of our laws consists not only of statutes but also of all treaties entered into, duly entered into. And the President's action last December violated not three but at least half a dozen treaties, solemn understandings, pledges our Government gave. We violated them all. On top of that, for the first time the military controlled the press and virtually held them in detention in a hotel.

□ 1250

Now, the American press did not see fit to do much, but it could not report to the American people what had transpired. The fact is, and these are the facts that stare at us today, the Congress has never had a full report. It has not received one to this day. So the American people do not know.

Second, our troops are still there and they are governing Panama. The so-called President there, Endara, we brought him in on that day of the invasion swore him in our military base. He was not elected. We said we were there to bring democracy. How can you bring democracy by military might?

We also firebombed the most miserable of all places, and that was the so-called Chorrillo district, which housed 100 percent blacks. These were the families and dependents of the laborers we imported at the turn of the century to use in the construction of the

Panama Canal. These shacks or buildings were made of the most fragile wood and quickly burned.

How many died? Nobody knows. We took over. We took over not any worse than Hitler's troops did when they invaded middle Europe and as they crossed their invasion into Russia.

Anybody that even looked as a sympathizer with the man we were there to overwhelm and arrest was either held, and are still being held, and there is no accounting there. We do not know.

The American people, in their name, we killed hundreds of innocent children, women, old people. There are literally thousands blinded, maimed, crippled, that are there as a result of that.

Is that right? Hardly so. It certainly was not anything but a source of condemnation by formal resolution in the United Nations. Overwhelmingly, practically unanimously, the Organization of American States condemned the United States for that invasion.

We now have troops, and the newspaper were reporting just 2 weeks ago that troops had been sent up to the border or a town on the border with Colombia.

Then we have to recall the sordid history. Theodore Roosevelt did use the Navy and Marines in order to force the separation of that isthmus known as Panama from Colombia. We did it by force and we set up the Republic of Panama. But it is and has been and we recognized it as such a formal treaty in 1977 as a sovereign nation.

So I would like to place in the RECORD a copy of a resolution I have introduced today known as House Resolution 411, entitled "Requesting the President To Furnish Certain Information to the House of Representatives on the United States' Invasion of Panama in December 1989 and Related Matters."

Now, I know some awesome things are done in the name of the American people, and there was no accounting as to those killed or those that we disposed of in mass burials or burnings, because we took over everything. Burial records, cemetery records, we took that away. The Panamanians were not allowed to. We did. We did not account, and we have not.

The British journalists there protested their incarceration. All the South American journalists, and it is from their reports that most of the information has been garnered that has given rise to the international groups and others who are now seeking some kind of justice for the victims of that invasion. But we are not out.

The President said we would go in, we would serve the purpose, we would get rid of General Noriega. I think that if General Noriega had been a member of that upper 9 or 10 percent white class which has ruled Panama and which we actually have endorsed all along—90 percent of Panamanians are mulatto, as is Noriega. Noriega is part black. I doubt seriously if he were not part black we would have done what we have done.

Now, I do not think the American people have begun to visualize the terrible impact of using military means to invade a sovereign nation, capturing and imprisoning its leader. We do not like him. Maybe he did take office by force, but so did General Pinochet in Chile, and we did not go get him and bring him up here because we wanted to teach the Chileans democracy.

There are half a dozen other rulers throughout the world that are there because of violence and undemocratic processes. This is a case where we are establishing a principle that the Nuremberg trials would be vitiated. We have violated all international norms in the treatment after his capture by our forces of Noriega. We violated the Hague Convention on the treatment of war prisoners.

Is Noriega a war prisoner? Did we go to war with Panama? The Congress did not declare it. So what kind of war was it? A Presidential war? How valid is that in our law?

In international law the only precedents are that if a crime has been committed against a nation by a ruler who in war has been captured, he shall be tried by a military tribunal.

After the First World War the allies, imposing the Draconian Treaty, also accused some of the German military and other leaders of war crimes and wanted to try them.

The German Government, such as it was, protested and said no, you do not have a right to. We will try them.

They did. Most of them were released or treated very leniently. But it was after the hot, shooting phase of World War II, and I am very careful to say the hot phase, because World War II technically has not ended. There is no peace treaty.

This is why the so-called reunification or rejoinder of the two Germanys is a question that has to be resolved by the parties participant.

The German question, quote unquote, was the reason for the cold war. Even now there is no allowance and perception for the world as it is today in Europe or anywhere else.

I also brought out Thursday, and my advice there to our leaders is, and the President particularly, I think we better start addressing South Korea and its expressed intent through its leadership, legislative, and otherwise, and the North Koreans, to rejoin, reunify, and the latent anti-Americanism which has exploded now and then with violent demonstrations against our troops stationed in South Korea.

□ 1300

We have close to 45,000 troops. What are we going to do? This is a sticking point in the case of troop withdrawal, or not, from Germany. Naturally, a people who have been occupied for 50 years, they do not care how it is done, they not only want the Russians out of East Germany, they also want every other occupying force.

But the United States is the one that from the beginning and all along has been the one to hold the biggest part of the bag. We have now over 315,000 troops still in West Germany. The British never have had anywhere near their proportionate amount; the French much less.

And of course the idea was a Europe that has not changed in our perception. It is still, in our defense for which we tax the American people over $300 billion, it is still 60 percent predicated on a Europe of 1947, 1949, 1952. That is gone forever, long gone.

We now have on the threshold of power citizens that do not recall World War II.

I pointed out time after time, ad infinitum, that the Russian leader, President Gorbachev now, and the German leader, Mr. Kohl, were 15 years old at the time of World War II.

So we have to realize that what has not changed, and to my great dismay if somebody had told me 15 years ago that we would have a President who would invoke the Calvin Coolidge gunboat Marine techniques, I would have said, "No, that is ridiculous; it can't happen." But it did. President Reagan had done exactly that. He went back to Calvin Coolidge except that in the case of Calvin Coolidge and the Secretary of State at the time, Frank Kellogg, when he ordered the Marines into Nicaragua—because you know we have invaded Central America, and if you throw in Mexico, a little better than 20 times in the 20th century. Now, in the case of Panama, we cannot even say that it was because we feared a Communist menace. This is what we have been scaring the American people all along with.

Noriega, as the North memoranda and notes which just came to light recently as a result of a court order, clearly show that we met an infinite number of times with Noriega and he committed himself to training troops, sending supplies. To whom? The Contras.

It is now common knowledge that the CIA and half a dozen of our intelligence units—you know, there are a lot many more than just the CIA—supplied Noriega, that is, the CIA alone, as much as we pay the President, $200,000 a year.

We had one unit of the military intelligence that had even invaded Noriega's residence not too many years ago, just a few years ago, without the

CIA knowing, or the other intelligence agencies.

We are just like the French were in the case of Algeria. You had six different intelligence units, and neither one communicated with the others. And of course, you know what happened to France there.

So my resolution of inquiry would say:

Resolved, That the President is requested to furnish to the House of Representatives, not later than seven days following the adoption of this resolution, full and complete information on the following:

(1) Any and all payments made to General Manuel Noriega by or through the direction of the United States government or any agent of the United States, at any time, and the source thereof;

(2) Any and all payments made to Guillermo Endara by or through the direction of the United States government or any agent of the United States, at any time, and the source thereof;

(3) A list of any and all communications of the United States government or any agent of the United States with regard to Panamanian police, Panamanian armed forces, or any officials of the Panamanian government, police, or armed forces, at any time;

(4) An accurate accounting of the number of Panamanian civilians killed during, or by virtue of, the United States' invasion of Panama, including a list of the number of Panamanian civilian casualties reported in the media of England, countries of Central America, and countries of South America;

(5) The location of all United States military personnel in Panama, the number of United States military personnel in Panama, and the mission of all United States military personnel remaining in Panama as of the date this resolution is adopted;

(6) Any and all contacts (including but not limited to telephone conversation, personal meetings, or communication of whatever sort through third parties) between any Director of the United States Central Intelligence Agency, any United States President, or any United States Vice President, at any time, and General Manuel Noriega; and

(7) Any and all activities of General Manuel Noriega in support of the armed resistance ("contras") in Nicaragua from 1979 through 1989 known to the United States government.

The information requested in this resolution shall be submitted to the House and disposed of in accordance with the Rules of the House.

And so on. I think that until this Congress exacts this knowledge, it will not be in a position to discharge its constitutional obligations to the American people from which comes all power.

You know, we tend to forget that our Constitution, the first words there are, "We the People of the United States." It does not say, "We the Congress," or "I the President," or "We the courts." Its, "We the People of the United States" are the source of all power.

We have to account to them. There is no reason why not.

For how long will we have to be appropriating? This House just appropriated between El Salvador and Panama better than three-quarters of a billion just for now.

In El Salvador, where since 1981, we have poured better than $6 billion, we have had casualties with some of our military, we have had atrocious, just unheard-of atrocities.

The murder of the six priests and their servant and her daughter. The priests were not only murdered, they were mutilated. Their brains were knocked out and thrown around.

Who did it? The Government, the armed services who are in control and have been all along, and whom we support.

The murder of the archbishop, the great Archbishop of Nicaragua, back in the beginning, in 1981, 1982, Archbishop Romero, who did that? It is obvious: the same people, the same forces, the same elements who murdered the priests.

Four or five other nuns, six or seven journalists, American, European; and we are the ones that are funding every bit of that activity.

In Nicaragua, at least we had the President saying that it was a menace to our country, that it threatened our internal security to the point where we would have to declare an embargo. Under what act, The Espionage Act of 1917, which this Congress delegated to a President during war and never recalled the most important portions of it, or even reviewed it.

So I think that to remain silent, charged with knowledge, is not living up to the oath of office that I think we take up. When we assume the office, among other things, we are sworn to support the Constitution against all foreign and domestic enemies and serve it well and faithfully.

That means that on issues that politically it would be better to keep quiet about, why stir up anybody if you are OK, in sync, back home; but we have a sacred duty under our Constitution. Whether we like it or not and whether our responsibility is to one sacred segment known as a congressional district, we are here as a congregate group voting on issues that transcend the purely parochial interests of those districts. And this is one of them. And this is the reason for my actions.

Now, on top of this I want to place in the RECORD a letter by way of reply from Federal Reserve Board Chairman, Mr. Greenspan, dated February 13, and one from the Assistant Secretary for Legislative Affairs of the Department of State.

The letters referred to are as follows:

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM,
Washington, DC, February 13, 1990.

Hon. HENRY B. GONZALEZ,
Chairman, Committee on Banking, Finance and Urban Affairs, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter of January 16 inquiring about government currency transactions in the San Antonio Federal Reserve branch territory.

Your letter refers to a recent currency transaction with the central bank of Panama. In the thought that some additional information on that transaction would be of interest to you, let me provide some background. The Banco Nacional de Panama, acting as agent for the Panamanian government, contacted the Federal Reserve Bank of New York to transfer from the Government of Panama's account, the sum of $50 million. The San Antonio office then prepared a shipment of $50 million in cash, which was picked up by United States military personnel. The military couriers delivered the currency to Banco Nacional de Panama in Panama City on December 28.

This transaction had the approval of the United States Department of State, the Department of Treasury, the Federal Reserve, and the United States Air Force. The formal request from Panama for the funds was made by the Ambassador of the Republic of Panama, and its Legal Representative, Carlos Rodridguez Fernandez Miranda. Because of Federal Reserve accounting conventions, this $50 million currency transaction with Panama was booked through the Federal Reserve Bank of New York, and thus does not show up on the currency surplus report for the San Antonio branch.

Let me turn now to the matter of government currency transactions with the San Antonio branch. During December 1989 the San Antonio branch received currency deposits from five government agencies. As the list below makes clear, the total amount was small relative to the branch's overall volume—less than one tenth of one percent of total deposits at the branch. There were no significant deviations from this pattern throughout the year. Moreover, we have no way of knowing the extent to which this currency volume contributed to the net receipts of the branch—that is, the extent to which the currency deposited by those agencies originated outside the branch territory.

Agency	Amount	Percent of total deposits
Department of Justice	$169,343	0.0498
U.S. Customs	18,769	.0055
U.S. District Court	34,211	.0100
U.S. Marshal	1,744	.0005
Veterans' Administration	2,386	.0007
Total	$226,453	.0665

I hope this information sheds some light on an obviously complex subject. We would be pleased to follow-up for you in any of these areas.

Sincerely,

ALAN GREENSPAN.

DEPARTMENT OF STATE,
Washington, DC, February 27, 1990.

Hon. HENRY B. GONZALEZ,
House of Representatives.

DEAR MR. GONZALEZ: The President has asked that I reply to your letter of January 16 concerning the role of the State Depart-

ment in returning to the legitimate government of Panama funds held in escrow for it.

The transfer of funds to which you refer was coordinated between the Departments of State, Treasury, and Defense. On the evening of December 27, an official of the Government of Panama contacted the Department of State and asked for the release of $70 million from the escrow account at the Federal Reserve Bank of New York, and the transfer of those funds to Panama by military aircraft. Department of State officials contacted the appropriate officials at the Department of the Treasury to obtain the release of the funds. The Department of State also immediately established contact with the Department of Defense to coordinate the transportation. Most of the preliminary arrangements were completed that very evening.

The following morning, the Panamanian Ambassador to the United States, Carlos Rodriguez, formalized his government's request. We understand that he asked Arnold and Porter to draw up the necessary documents and signed them in the offices of Arnold and Porter. I would like to emphasize that the documents in question were an official request from the Government of Panama to the Government of the United States. As such, it would have been inappropriate if not legally questionable for the Departments of State or Treasury to have prepared them. We do not know the amount of fees Arnold and Porter may have charged the Government of Panama for these services.

The Federal Reserve Bank of New York sent a staff attorney to Washington on December 28 to assist the Office of Foreign Assets Controls (FAC) at the Department of the Treasury in arranging the technical details concerning the transfer. FAC officials drafted, executed, and transmitted most of the necessary documentation required to unblock and transfer the funds. FAC officials issued the unblocking license, obtained the signatures and certifications of various affected parties, and coordinated related activities. As part of that process, FAC officials were in continuous contact throughout the day with officials at the Federal Reserve Bank of New York, the Federal Reserve Bank of Dallas (San Antonio Branch), the Air Force, and the Joint Chiefs of Staff, as well as with Arnold and Porter.

By that afternoon, our Embasssy in Panama had arranged a time and place for the money to be delivered and for security for the transfer. The funds were collected by the Federal Reserve Bank overnight and made available for military transportation to Panama. Bad weather at the airport in San Antonio delayed the departure of the plane carrying the money, but once the fog lifted the plane took off and the funds arrived at 4:00 in the afternoon on December 29.

As you can see from this chronology, officials at the Departments of State, Treasury, Defense, and the Federal Reserve worked assiduously, from December 27 to December 29 to effect the transfer of cash to Panama. The law firm of Arnold and Porter was invovled primarily in the capacity of representing its client, the Government of Panama.

While it is for the Government of Panama to speak to the issue of why it believes it needs legal services in connection with the escrowed funds, it is not our impression that its motiviation derives from a perceived need to deal with the United States Government through a law firm. Rather, the Government of Panama—like many foreign governments—has private creditors and debtors in the United States, and the handling of the serveral categories of escrowed funds has involved potential issues between the Government of Panama and private individuals and institutions. Indeed, several escrowed accounts were the subject of litigation in the U.S. between the Government of Panama and private entities. Obviously, the United States Government is in no position to advise the Government of Panama on such matters. It is our understanding that the perceived need to obtain advice and services in connection with such private legal issues has been the primary motivation of the Government of Panama in hiring an American law firm.

The United States expects to play a positive and useful role in this new chapter of Panamanian history. Consultations with the new Panamanian Government as to how we may further assist them are underway. We look forward to working with the Congress to help the new government of Panama rebuild Panamanian society on a foundation of democracy, stability, and prosperity.

Sincerely,

JANET G. MULLINS,
Assistant Secretary, Legislative Affairs.

□ 1310

I discovered in January that when Endara was installed by us by December 29, he came before the military leaders and said, "I've got real problems. If you think you have problems, we can't pay our workers. We don't have any money unless you get money for us." And the military commander said, "Of course we can't do that."

Then, of course, Endara got on the phone and got hold of the law firm that represents him, a very prominent law firm in Washington. He got hold of the individual who is a former Assistant Secretary of State for Latin American Affairs, serving in the Nixon administration, and he then contacted the Federal Reserve Bank in New York.

They have not given me a full accounting of this, but these letters I have introduced will show the response I got from the Chairman of the Federal Reserve. I had asked him how much money Federal agencies had transacted through the Federal Reserve Board branch in San Antonio. What happened was that with the emergency, mind you, that should have been the State Department or the Treasury, but it was not.

What fee did this lawyer get? A very substantial fee. Where did the money come from? Well, it went to the escrow account, which was funds impounded after President Reagan declared his embargo, and we impounded all of the revenue from the canal fees that were accruable to the Republic of Panama, and out of that they took sufficient money, I would say half a billion dollars or thereabouts, and those were securities. They flew those down to the Federal Reserve Board branch or district office in San Antonio, and at about 2 o'clock in the morning they took those certificates, they got cash, $100 bills, $20 bills, and put them in about 29 sacks, and they took them over to the Air Force base and transported them down to Panama.

I found out about this in a roundabout way, and I raised inquiries. I did get reports to an extent, not really responsive to the main issue, but nevertheless confirming that that had happened.

Now, since then who has funded those expenses? Endara knew that those workers would revolt, and if the United States thinks it had any problem in that invasion, as he told our leaders, "You just don't know what it would be to face this."

So we did that, and I have placed that in the RECORD, Mr. Speaker, so my colleagues will be able to read it.

I do think that this is a serious matter. I have thought so all along and persisted in my views during the Vietnam war. I felt that we just could not forever look the other way, that we would have to define in some way the constitutional limits of Presidential authority that the Constitution itself places on this. And if we are living in a new era in which we have to look at it again, then let us do it. Let us look at it honestly and forthrightly but at least from the standpoint of accountability.

As it is now, look at the travail we have. Would we not say that instead of the blood of over 55,000 dead, maimed, and wounded, and instead of the billions of dollars from the Treasury, if we had gotten that $35 or $36 billion together in $5 or $10 bills and put them in a C-130 or C-5-A and instead of bombing Vietnam, we had just gone over and thrown that money out, would we not be better off? I often wonder if we had done that if we would not be better off today.

And I feel the same way today. Here we are in El Salvador, no closer to a solution than ever, in fact worse. I just saw the advisory that the American Consul General in San Salvador gave me to give to a group of missionary constituents and academics that wanted permission to go down to El Salvador, and it is amazing. It is far more risky for an American there today than it ever was before, and this so advises them.

As far as Panama is concerned, an American in Panama is in real hazard today and has less freedom than during the weeks that our press was whipping up in great frenzy the attacks on off-duty American armed services personnel. Today, let me assure the Members, I have received communications from relatives of Americans who are still there, and they do not dare to come out.

So where are we? We are still governing Panama. We are occupying Panama, and we are occupying Honduras. We have literally taken over that

country for years now. We have done that illegally. President Reagan violated our own domestic laws, the neutrality acts, and international law, and we in Congress went against our own laws until the Boland resolution prohibiting aid to the so-called Contras. And then, of course, since then we have been insisting on illegal conduct by even supporting or recognizing such activities as are reflected by the so-called Contras.

So from time immemorial we have breached the basic law of international relations.

I have protested these things before, and I am on record. I realize now that we have always lived in this sort of situation. I realized that when I served on the city council and when I raised the issue of segregation, I went to the State senate. In my freshman year there I saw the same thing. We had the resistance that came out of Louisiana and out of the Confederate States. They came to the Texas Legislature with 16 separate laws or bills, and I filibustered them. We tied up the State senate for 36 hours. We were the only forum in the 11 Confederate States where they were even debated, and we were able to defeat 14 of the 16. The two that remained were declared unconstitutional subsequent to that.

So I want my colleagues to recognize the fact that this resolution of inquiry has been in the making since January. We had some consultantship with the legislative service and with the research service of the Library of Congress, and I got the history.

This is not my first resolution of inquiry, it is my second one, and under the rules it is a privileged resolution. I will make the decision on how to follow through on that, but I want my colleagues to realize that it has been introduced today. It is House Resolution 411, and I hope that at least we will give some consideration to obtaining the information, which is a paramount right, the right to know that a Congressman must have in order to knowledgeably discharge his duties.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Member (at the request of Mr. KYL) to revise and extend his remarks and include extraneous material:)

Mr. DANNEMEYER, for 60 minutes, on June 12.

(The following Members (at the request of Mr. GONZALEZ) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. WASHINGTON, for 5 minutes, on June 12.

Mr. MONTGOMERY, for 60 minutes, each day on June 12 and 13.

Mr. GONZALEZ, for 60 minutes, each day on June 18, 21, 22, and 25.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. KYL) and to include extraneous material:)

Mr. ROGERS.

Mr. COX.

(The following Members (at the request of Mr. GONZALEZ) and to include extraneous material:)

Mr. ANDERSON in 10 instances.

Mr. GONZALEZ in 10 instances.

Mr. BROWN of California in 10 instances.

Mr. ANNUNZIO in six instances.

Mr. TRAFICANT.

Mr. NELSON of Florida.

Mr. CLAY.

Mr. MRAZEK.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 666. An act to enroll twenty individuals under the Alaska Native Claims Settlement Act; to the Committee on Interior and Insular Affairs.

S. 1719. An act to designate segments of the Colorado River in Utah within Westwater and Cataract Canyons as components of the Wild and Scenic Rivers System, and for other purposes; to the Committee on Interior and Insular Affairs.

S. 2205, An act to designate certain lands in the State of Maine as wilderness; to the Committees on Interior and Insular Affairs and Agriculture.

ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 19 minutes p.m.), the House adjourned until tomorrow, Tuesday, June 12, 1990, at 12 noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3347. A letter from Deputy Under Secretary of Defense for Acquisition, transmitting his determination that the Family of Medium Tactical Vehicles Program has exceeded the program acquisition unit cost baseline by more than 25 percent as reflected in the baseline selected acquisition report, pursuant to 10 U.S.C. 2433(e)(1); to the Committee on Armed Services.

3348. A letter from Deputy Under Secretary of Defense for Acquisition, transmitting his determination that the Army tactical missile system has increased by more than 25 percent as reflected in the baseline selected acquisition report, pursuant to 10 U.S.C. 2433(e)(1); to the Committee on Armed Services.

3349. A letter from Secretaries of Housing and Urban Development and Health and Human Services, transmitting proposed modifications to the Stewart B. McKinney Homeless Assistance Act; to the Committee on Banking, Finance and Urban Affairs.

3350. A letter from Auditor, District of Columbia, transmitting a copy of his report entitled, "The Gallery Place, Parcel 6, Square 455," pursuant to D.C. Code section 47-117(d); to the Committee on the District of Columbia.

3351. A letter from the Secretary of Labor, transmitting the Department's annual report of the Longshore and Harbor Workers' Compensation Act for the period October 1, 1987, through September 30, 1988, pursuant to 33 U.S.C. 942; to the Committee on Education and Labor.

3352. A letter from Assistant Secretary of State for Legislative Affairs, transmitting copies of the original report of political contributions for Aurelia Erskine Brazeal, of Georgia, to be Ambassador to the Federated States of Micronesia; for Frederick Vreeland, of New York, to be Ambassador to Burma; and for Roy M. Huffington, of Texas, to be Ambassador to the Republic of Austria, and members of their families, pursuant to 22 U.S.C. 3944(b)(2); to the Committee on Foreign Affairs.

3353. A letter from Assistant Secretary of State for Legislative Affairs, transmitting copies of the original report of political contributions for Hugh Kenneth Hill, of California, to be Ambassador to the Peoples' Republic of Bulgaria, and members of his family, pursuant to 22 U.S.C. 3944(b)(2); to the Committee on Foreign Affairs.

3354. A letter from Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

3355. A letter from the Assistant Administrator for Legislative Affairs, transmitting a summary report of activities proposed for funding in Brazil during fiscal year 1990; to the Committee on Foreign Affairs.

3356. A letter from the Assistant Administrator, Agency for International Development, transmitting the 1990 annual report of the Chairman of the Development Coordination Committee, pursuant to section 634 of the Foreign Assistance Act; to the Committee on Foreign Affairs.

3357. A letter from the Assistant Secretary of State for Legislative Affairs, transmitting a report for fiscal years 1990-91 on the Association of Democratic Nations proposed by Pakistan Prime Minister Benazir Bhutto in June 1989; to the Committee on Foreign Affairs.

3358. A letter from the Chairman, National Endowment for the Arts, transmitting the semiannual report of the Inspector General for the period October 1, 1989 through March 31, 1990, pursuant to Public Law 95-452, section 8E(h)(2) (102 Stat. 2525); to the Committee on Government Operations.

3359. A letter from the Executive Director, Neighborhood Reinvestment Corporation, transmitting a copy of the annual report in compliance with the Government

in the Sunshine Act during the calendar year 1989, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

3360. A letter from the Chairman, Securities and Exchange Commission, transmitting the semiannual report of the Inspector General for the period October 1, 1989 through March 31, 1990, pursuant to Public Law 95-452, section 8E(h)(2) (102 Stat. 2525); to the Committee on Government Operations.

3361. A letter from the Deputy Associate Director for Collection and Disbursement, Department of the Interior, transmitting notification of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

3362. A letter from the Acting Assistant Attorney General for Legislative Affairs, transmitting a draft of proposed legislation entitled "The Orderly Phase-Out of Parole Act of 1990"; to the Committee on the Judiciary.

3363. A letter from the Chairman, Council on Environmental Quality, transmitting a draft of proposed legislation to establish a Presidential awards program, administered by the Council on Environmental Quality, to recognize and stimulate excellence in environmental education in grades Kindergarten through 12; to the Committee on Merchant Marine and Fisheries.

3364. A letter from the Director, Council on Environmental Quality, transmitting the 20th annual report of the Council on Environmental Quality, pursuant to 42 U.S.C. 4341, 4344; to the Committee on Merchant Marine and Fisheries.

3365. A letter from the Administrator, General Services Administration, transmitting an informational copy of a report of building project survey which proposes Federal construction of a Federal building-courthouse in northwest Indiana, pursuant to 40 U.S.C. 606(a); to the Committee on Public Works and Transportation.

3366. A letter from the Assistant Secretary of State for Legislative Affairs, transmitting notice that effective April 22, 1990, the Department designated the Republic of the Philippines as a danger pay location, pursuant to 5 U.S.C. 5928; jointly, to the Committees on Foreign Affairs and Post Office and Civil Service.

3367. A letter from the Comptroller General, General Accounting Office, transmitting a report entitled, "Nuclear Waste: Fifth Annual Report on DOE's Nuclear Waste Program" (GAO/RCED-90-65), pursuant to 42 U.S.C. 10101; jointly, to the Committees on Government Operations, Energy and Commerce, and Interior and Insular Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 4450. A bill to improve management of the coastal zone and enhance environmental protection of coastal zone resources, by reauthorizing and amending the Coastal Zone Management Act of 1972, and for other purposes (Rept. 10-535). Referred to the Committee of the Whole House on the State of the Union.

SUBSEQUENT ACTION ON A REPORTED BILL SEQUENTIALLY REFERRED

Under clause 5 of rule X the following action was taken by the Speaker:

H.R. 4329. Referral to the Committee on the Judiciary extended for a period ending not later than June 14, 1990.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BENNETT:

H.R. 4998. A bill to amend title 10, United States Code, to terminate the use by the Department of Defense of expired appropriations; to the Committee on Armed Services.

By Mr. LAFALCE:

H.R. 4999. A bill to amend the Small Business Act to provide management and technical assistance to small businesses, and for other purposes; jointly, to the Committees on Small Business and Foreign Affairs.

By Mr. RICHARDSON:

H.R. 5000. A bill regarding the establishment of a United States-Mexico Trade Area; to the Committee on Ways and Means.

By Mr. SMITH of Florida (for himself, Mr. GILMAN, and Mr. LANTOS):

H.J. Res. 592. Joint resolution to prohibit the proposed sale to Saudi Arabia of modifications and systems integration of AWACS E-3 and tanker KE-5 aircraft; to the Committee on Foreign Affairs.

H.J. Res. 593. Joint resolution to prohibit the proposed sale to Saudi Arabia of M88AI Recovery Vehicles; to the Committee on Foreign Affairs.

H.J. Res. 594. Joint resolution to prohibit the proposed sale to Saudi Arabia of defense articles and defense services to modernize the Saudi Arabian National Guard; to the Committee on Foreign Affairs.

By Mr. YOUNG of Alaska (for himself and Mr. RANGEL):

H.J. Res. 595. Joint resolution to designate October 20 through 28, 1990, as "National Red Ribbon Week for a Drug-Free America;" to the Committee on Post Office and Civil Service.

By Mr. GONZALEZ:

H. Res. 411. Resolution requesting the President to furnish certain information to the House of Representatives on the United States' invasion of Panama in December 1989, and related matters; jointly, to the Committees on Foreign Affairs and Intelligence (Permanent Select).

MEMORIALS

Under clause 4 of rule XXII,

431. The SPEAKER presented a memorial of the Legislature of the State of Hawaii, relative to enforcing the Hawaiian Homes Commission Act in Federal courts; to the Committee on Interior and Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. STALLINGS introduced a bill (H.R. 5001) for the relief of Norman R. Ricks, which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 214: Mr. TALLON.

H.R. 220: Mr. EVANS.

H.R. 857: Mr. LEWIS of Georgia.

H.R. 1180: Mr. MINETA.

H.R. 1875: Mr. WOLPE, Mr. LEATH of Texas, Mr. SCHUETTE, and Mr. UPTON.

H.R. 2121: Mr. HUNTER, Mr. PALLONE, Mrs. BYRON, Mr. PURSELL, Mr. RANGEL, Mr. STAGGERS, Mr. GONZALEZ, Mrs. SMITH of Nebraska, Mr. MFUME, and Mr. SHARP.

H.R. 2268: Mr. EVANS.

H.R. 2353: Mr. VALENTINE, Mr. WASHINGTON, Mr. BOUCHER, and Mr. HOAGLAND.

H.R. 2972: Mr. MANTON and Mr. LANCASTER.

H.R. 3240: Mr. LEVIN of Michigan, Mr. SYNAR, and Mr. GILMAN.

H.R. 3599: Mr. SMITH of Florida, Mr. COLEMAN of Texas, Mr. DELAY, Mr. SWIFT, Mr. GONZALEZ, Mr. BILBRAY, Mr. STEARNS, Mr. WILSON, and Mr. MILLER of Washington.

H.R. 3859: Mr. RICHARDSON.

H.R. 3864: Mr. UDALL.

H.R. 3914: Mr. SPRATT, Mr. MCCANDLESS, Mr. KENNEDY, and Mr. SAWYER.

H.R. 3925: Mr. PAYNE of New Jersey, Mr. WILSON, and Mr. WISE.

H.R. 4181: Mr. APPLEGATE, Mr. CARDIN, Mr. CLEMENT, Mrs. COLLINS, Mr. DEWINE, Mr. FEIGHAN, Mr. FIELDS, Mr. FORD of Tennessee, Mr. JONES of Georgia, Ms. KAPTUR, Mr. LEATH of Texas, Mr. MCEWEN, Mr. MARLENEE, Mr. MILLER of Ohio, Mrs. MORELLA, Ms. OAKAR, Mr. PEASE, Mr. REGULA, Mr. ROGERS, Mr. STAGGERS, Mr. TANNER, Mr. TOWNS, Mr. WALSH, and Mr. WASHINGTON.

H.R. 4247: Mr. SOLOMON and Mr. COYNE.

H.R. 4297: Mr. LIPINSKI, Mr. JAMES, Mr. MORRISON of Washington, Mr. LAGOMARSINO, Mr. SMITH of New Jersey, Mr. VALENTINE, and Mr. LANCASTER.

H.R. 4334: Mr. EVANS, Mr. BUSTAMANTE, and Mr. BRUCE.

H.R. 4369: Mr. RAVENEL.

H.R. 4492: Mr. BARNARD, Ms. MOLINARI, Mrs. PATTERSON, Mr. HARRIS, and Mr. CARDIN.

H.R. 4499: Mr. SKEEN, Mr. SHAW, Mr. HUGHES, and Mr. ECKART.

H.R. 4608: Mr. BUSTAMANTE and Mr. HOUGHTON.

H.R. 4684: Mr. RANGEL.

H.R. 4703: Mr. DAVIS, Mr. YOUNG of Alaska, Mr. PICKETT, Mr. BROOKS, and Mr. THOMAS A. LUKEN.

H.R. 4761: Mr. FRENZEL.

H.R. 4854: Mr. TRAFICANT, Mr. ROE, and Mr. SCHIFF.

H.R. 4855: Mr. STOKES, Mr. DEFAZIO, and Mr. BATES.

H.R. 4856: Mr. STOKES, Mr. DEFAZIO, and Mr. BATES.

H.R. 4916: Mr. WALSH and Mrs. JOHNSON of Connecticut.

H.R. 4990: Mr. ROTH, Mr. FORD of Michigan, Mr. BEVILL, Mr. MCCURDY, and Mr. KOSTMAYER.

H.J. Res. 127: Mr. STALLINGS.

H.J. Res. 374: Mr. RAY, Mr. THOMAS of Georgia, and Mr. DARDEN.

H.J. Res. 439: Mr. COSTELLO, Mr. JONES of Georgia, Mr. DYSON, Mr. DE LUGO, Mr. OLIN, Mr. DORGAN of North Dakota, Mr. CHANDLER, Mr. GEKAS, Ms. SLAUGHTER of New York, Mr. KOSTMAYER, Mr. HYDE, and Mr. MONTGOMERY.

H.J. Res. 507: Ms. KAPTUR, Mr. NELSON of Florida, Mr. FROST, Mr. SMITH of New Jersey, and Mr. RHODES.

H.J. Res. 519: Mr. BUSTAMANTE, Mr. KENNEDY, Mr. THOMAS A. LUKEN, and Mr. SYNAR.

H.J. Res. 554: Mr. FROST, Ms. KAPTUR, Mrs. MARTIN of Illinois, Mr. DARDEN, Mr. DEWINE, Mr. DYSON, Mr. BROWDER, Mr. HALL of Ohio, Mr. ROBINSON, Mr. GINGRICH, Mr. JONES of North Carolina, Mr. TAUKE, Mr. KASICH, Mr. BATEMAN, Mr. KASTENMEIER, Mr. ERDREICH, and Mr. MARTINEZ.

H. Con. Res. 91: Mr. CRAIG.

H. Res. 342: Mr. MADIGAN.

PETITIONS, ETC.

Under clause 1 of rule XXII,

186. The SPEAKER presented a petition of Mr. A.M. Leventis, Nigeria, relative to foreign trade; which was referred to the Committee on the Judiciary.

SENATE—*Monday, June 11, 1990*

The Senate met at 1 p.m., and was called to order by the President pro tempore [Mr. BYRD].

The PRESIDENT pro tempore. The prayer will be led by the Reverend Richard C. Halverson, Chaplain of the U.S. Senate.

Dr. Halverson.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray:

The prayer today is a Psalm of praise to God.—Psalm 33:1-12:

"Rejoice in the Lord, O ye righteous: for praise is comely for the upright. Praise the Lord with the harp: Sing unto Him with the psaltery and an instrument of ten strings. Sing unto Him a new song; play skillfully with a loud noise. For the word of the Lord is right; and all His works are done in truth. He loveth righteousness and judgement: the earth is full of the goodness of the Lord. By the word of the Lord were the Heavens made; and all the host of them by the breath of His mouth. He gathereth the waters of the sea together as a heap: He layeth up the depth in storehouses. let all the earth fear the Lord: let all the inhabitants of the world stand in awe of Him. For He spake, and it was done; He commanded, and it stood fast. The Lord bringeth the counsel of the heathen to nought: He maketh the devices of the people of none effect. The counsel of the Lord standeth for ever, the thoughts of His heart to all generations. Blessed is the nation whose God is the Lord; and the people whom he hath chosen for His own inheritance." Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The Senate will be in order.

Under the standing order, the majority leader is recognized.

SCHEDULE

Mr. MITCHELL. Mr. President, today, following the time for the two leaders, there will be a period for morning business with Senators permitted to speak therein during the time for morning business.

Senator RIEGLE will be recognized for a period of up to 2 hours.

There will be no rollcall votes today.

AMENDMENTS TO THE BLIND AIR PASSENGERS BILL

Mr. MITCHELL. Mr. President, I ask unanimous consent that first-degree amendments to the blind air passengers bill may be filed until 2 p.m. today.

The PRESIDENT pro tempore. Without objection, it is so ordered.

RESERVATION OF LEADER TIME

Mr. MITCHELL. Mr. President, I reserve the remainder of my leader time.

I yield now to the distinguished Republican leader.

The PRESIDENT pro tempore. Without objection, the time of the majority leader is reserved.

RECOGNITION OF THE REPUBLICAN LEADER

The PRESIDENT pro tempore. Under the order, the Republican leader is now recognized.

Mr. DOLE. Mr. President, I would first ask if there is any objection to having the second reading of the proposed constitutional amendment relating to flag desecration.

The PRESIDENT pro tempore. Is there objection?

Would the Republican leader prefer to wait until we reach that period in morning business?

Mr. DOLE. I prefer to do it now, if possible.

The PRESIDENT pro tempore. Very well.

Mr. MITCHELL. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The absence of a quorum has been suggested.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Does the Republican leader wish his time reserved?

Mr. DOLE. I would like to use my time now.

I again ask if we could not have the second reading of the constitutional amendment relating to the Flag Desecration Act rather than at the end of the day.

RESERVATION OF LEADER TIME

The PRESIDENT pro tempore. Without objection, the time of the distinguished Republican leader is reserved.

MORNING BUSINESS

The PRESIDENT pro tempore. There will now be a period for the transaction of morning business.

CALENDAR OF BILLS AND JOINT RESOLUTIONS READ THE FIRST TIME

The PRESIDENT pro tempore. The Calendar of Bills and Joint Resolutions read the first time will be transacted.

The clerk will read the first item.

The legislative clerk read as follows:

A joint resolution (S.J. Res. 332) proposing an amendment to the Constitution of the United States authorizing the Congress and the States to prohibit the physical desecration of the flag of the United States.

The PRESIDENT pro tempore. Is there objection to further proceedings?

Mr. DOLE. Mr. President, I object.

The PRESIDENT pro tempore. Objection is heard. Under rule XIV, the measure will now appear on the calendar as the next pending measure.

The clerk will read for the second time the next item on the Calendar of Bills and Joint Resolutions.

The legislative clerk read as follows:

An act (H.R. 2690) to amend title XVII, United States Code, to provide certain rights of attribution and integrity to authors of works of visual art.

The PRESIDENT pro tempore. Is there objection to further proceedings?

Mr. DOLE. Mr. President, I object.

The PRESIDENT pro tempore. There being an objection, the measure will go over and appear on the calendar under rule XIV.

RECOGNITION OF THE REPUBLICAN LEADER

The PRESIDENT pro tempore. The Republican leader is recognized under the order.

FLAG AMENDMENT

Mr. DOLE. Mr. President, the verdict is finally in: The so-called Flag Protection Act of 1989 has received an "F." It has completely flunked the constitutionality test.

Despite its great-sounding name, the act has not protected a single flag, not one. And today, we know that the act will never, ever protect Old Glory,

having been tossed into the legal junkheap by the Supreme Court.

Last year, the Senate turned a deaf ear to myself and to my colleagues, Senators HATCH and GRASSLEY, who pointed out that the Flag Protection Act could never work. We pointed out that there was one way—and one way only—to overturn a Supreme Court decision on a constitutional issue—and that is with a constitutional amendment.

More importantly—and more regrettably—the Senate turned a deaf ear to the overwhelming majority of Americans who believe—and continue to believe—that Old Glory deserves one type of protection only—constitutional protection.

According to a recent Gallup poll commissioned by the American Legion, an overwhelming 71 percent of all Americans favor a "narrow constitutional amendment that would allow Federal and State governments to make flag-burning illegal." The poll results also show that 73 percent of the American people do not believe that a constitutional amendment would place our freedom of speech in jeopardy.

That is the American people speaking. Not the constitutional scholars who thought the Flag Protection Act would pass constitutional muster—not the academics, not the lawyers, but the American people.

The last month Senators HEFLIN and THURMOND joined me in introducing the very same constitutional amendment the Senate considered last year. It only has 20 words in it.

I ask unanimous consent that it be placed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

The Congress and the States shall have power to prohibit the physical desecration of the Flag of the United States.

Mr. DOLE. The amendment has been endorsed by the Justice Department. It has been endorsed by most of the major veterans organizations, and most importantly, it has been endorsed by the President of the United States.

The amendment is now on the Senate calendar and ready for action.

So my friends and distinguished colleagues, I hope, as I have indicated upstairs in a press conference, we might take it up this week. It just happens Flag Day is this week. It is on June 14. It would seem to me that it would be a very appropriate time and a befitting time to debate the constitutional amendment on protection of the American flag.

We have had Flag Day since 1915. It was brought up during the Wilson administration. It has been celebrated each year since that time. There is great reverence for the flag. It is a unique symbol in America. We debated the amendment. We have had hearings on the amendment, and the amendment has already received the support of the majority of the Senate.

So it is not that we have to go back and reinvent the wheel. Fifty-one Senators, to be exact, were cosponsors. We hope to have those and others who now endorse the amendment, since the statute has been declared unconstitutional.

There are bound to be some in the Senate who will claim that a flag amendment will chisel away at our precious first amendment freedoms. To the naysayers I simply say this: reread the Flag Protection Act that was passed last year.

In an effort to achieve something called content neutrality, which this Senator never understood, the statute became broader—and this point I failed to make earlier—than the constitutional amendment.

Unlike the amendment, the statute covers intentional as well as unintentional conduct and public as well as private conduct. I tried to make that point on the floor. It covers contemptuous as well as uncontemptuous conduct.

Where was the first amendment last October when we had all the debate on the statute, because the statute is broader than the amendment we are offering today. So those who suggest that for some reason we are chisling away at our precious first amendment freedoms, I say look at the statute you voted for.

Mr. President, last year the editorials of Reader's Digest published a piece entitled "The Banner Yet Waves." The words contained in this piece are far better than any words I can offer you today. I quote:

While Americans know that behind this rectangle of cloth there is blood and great sacrifice, there is also behind it an idea that redefines once and forever the meaning of hope and freedom. Lawyers and justices may debate the act of flag burning as freedom of expression. But a larger point is inarguable: When someone dishonors or desecrates the banner, it deeply offends, because the flag says all that needs to be said about things worth preserving, loving, defending, dying for.

Mr. President, I said earlier in a press conference that I happened to be out at Arlington Cemetery on Memorial Day and a stranger said, "Why do you not bring the flagburners out here? Maybe they would get the message, if they were here on Memorial Day." I noted at each marker there was an American flag. I watched the change of the guard and stayed there for a couple of hours and noticed all the different organizations involved in placing wreaths at the Tomb of the Unknown Soldier and sort of watched the people from all over America, from all walks of life, rich, poor, black, white, brown, whatever, from all over America there on Memorial Day, and the centerpiece is the American flag.

Mr. President, that is what the flag debate has been all about. That is what the flag debate will continue to be about, and that is why we need a constitutional amendment. The American people demand no less, and we will hear all these constitutional experts in the U.S. Senate and others who tell us that we are all wrong and that we cannot do this or that. And they may have reasons for it. But, in my view, we have had that debate, we have had the hearings, and we are ready to take up a constitutional amendment.

I believe that the Senator from Alabama, the Senator from South Carolina, and others will address more specifics of the amendment.

I ask unanimous consent at this time that a "Dear Colleague" letter sent last week by myself and Senator HEFLIN be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, DC, June 6, 1990.

DEAR COLLEAGUE: Last month, the Supreme Court heard oral argument in *United States* v. *Eichman* and *United States* v. *Haggerty*, the two cases involving a challenge to the constitutionality of the Flag Protection Act of 1989. The Supreme Court will settle the constitutional issues once and for all when it issues its written opinion, probably sometime in late June or early July.

If the Court does, in fact, affirm the two lower court decisions and declare the Flag Protection Act to be unconstitutional, it is our hope that the Senate would soon consider the constitutional amendment proposed by S.J. Res. 332.

S.J. Res. 332 is identical to S.J. Res. 180, which we introduced last year in response to the *Texas* v. *Johnson* decision. Like S.J. Res. 180, S.J. Res. 332 would establish a constitutional amendment allowing—but not requiring—Congress and the States to pass laws prohibiting the physical desecration of the Flag of the United States. As a practical matter, an amendment would simply validate the flag desecration statutes that are already on the books. It would not, as some critics suggest, result in an avalanche of new, and more onerous, State and Federal flag desecration statutes.

The text of S.J. Res. 332 has been endorsed by the Justice Department, by numerous academics, by most of the major veterans' groups, and by countless other concerned Americans. It has also been the subject of extensive hearings before the judiciary Committee and the subject of considerable debate on the Senate floor. Most importantly, the text of S.J. Res. 32 received the endorsement of a majority of the Senate last year—51 Senators, to be exact, both Democrat and Republican.

Furthermore, many of those who voted against the constitutional amendment last year indicated that they would support the amendment if the Supreme Court were ever to strike down the Flag Protection Act.

Popular support for a constitutional amendment remains as strong as ever. According to a recent Gallup Poll commissioned by the American Legion, an over-

whelming 71 percent of all Americans favor a "narrow constitutional amendment that would allow federal and state governments to make flag-burning illegal." The poll results also show that 73 percent of the American people do not believe that a constitutional amendment would place our freedom of speech in jeopardy."

If you would like to co-sponsor S.J. Res. 332, please contact Dennis Shea of Senator Dole's staff at 224-3135 or Matt Pappas of Sen. Heflin's staff at 224-4022.

We have attached a copy of the text of S.J. Res. 332 for your review.

Sincerely,

BOB DOLE.
HOWELL HEFLIN.

Mr. DOLE. Also, I say this in response to Jennifer Campbell, who was one of the defendants in the flag-burning statute case. She says:

I feel great, for all the people told me protesting did not do anything. I have just proved them wrong. For once the system may have worked.

Well, that is a strange way the system may have worked. The court had no choice but to strike down this unconstitutional statute. I will place my money on the young men and women who serve in America's armed services, and the rest can place their money on the Jennifer Campbells and the others who were involved in this latest flag desecration case.

I hope we can have a nonpartisan, bipartisan approval of the constitutional amendment, do it very quickly and get it out to the States. It is a long process. Two-thirds vote, plus 38 States. That is the way we should amend the Constitution. I would appreciate it if the majority leader could schedule it at the earliest possible time.

Mr. MITCHELL addressed the Chair.

The PRESIDENT pro tempore. The majority is recognized.

FLAG DESECRATION

Mr. MITCHELL. Mr. President, since becoming majority leader, I have made it a practice to consult with the distinguished Republican leader prior to making any scheduling decision, and I will, of course, do so in this instance; and I will consult with the other members of the leadership on both sides, and interested Senators. I will also, of course, consult with the House leadership. There will be ample time for debate on this issue.

But I want to respond just briefly to one of the statements made by the distinguished Republican leader in his comments, in which he sought to suggest—indeed did suggest—that those who disagree with him on this issue are, in his words, putting their money on Jennifer Campbell, the flag burner, in opposition to men and women who serve in the military. That is a most unfortunate and erroneous suggestion.

I deeply and strongly condemn the burning of the flag. I believe that every Member of the U.S. Senate shares that view. I deeply respect the men and women who serve in our Armed Forces. I was one of them. I was proud to serve. But no useful purpose is served, other than to gain temporary tactical advantage, to suggest that disagreement on the issue of a constitutional amendment involves choice between those who burn the flag and those in the armed services.

I believe that it demeans those who, on principle, oppose such an amendment, because it would be the first time in the history of our country that the Bill of Rights has been amended. To suggest such a choice is being made is erroneous; no such choice is before the Senate or the House or the country. No such choice need be made or will be made.

The question before us is whether or not after 200 years, the American Bill of Rights, the most concise, the most eloquent, the most effective statement of individual liberty in all of human history, is to be changed for the first time. We can debate that issue vigorously and well, without suggesting for a moment that the Senate is choosing between Jennifer Campbell and the men and women in our military services.

Mr. President, I yield the floor.

Mr. LEAHY addressed the Chair.

The PRESIDENT pro tempore. The Chair would seek the advice of the majority leader. There are two orders, one which provides for morning business with Senators permitted to speak therein; the other which provides that Mr. RIEGLE, the Senator from Michigan, be recognized for not to exceed 2 hours. The Chair would appreciate some guidance, not seeing Mr. RIEGLE on the floor.

Mr. MITCHELL. Mr. President, it had been my understanding that Senator RIEGLE was not able to be present until sometime later. Evidently, there has been a change in plans, so I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MITCHELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. MITCHELL. Mr. President, I ask unanimous consent that Senator THURMOND be recognized to address the Senate for 4 minutes, in morning business; upon the completion of his remarks, Senator LEAHY be recognized to address the Senate for 20 minutes; and then Senator RIEGLE be recognized as under the previous order.

The PRESIDENT pro tempore. Until the first 2 hours have run?

Mr. MITCHELL. Or until such time as he yields the floor.

The PRESIDENT pro tempore. Not to exceed 2 hours.

Mr. MITCHELL. That is correct.

The PRESIDENT pro tempore. The Chair thanks the majority leader.

Without objection, it is so ordered.

Under the order, Mr. THURMOND is recognized for not to exceed 4 minutes.

Mr. THURMOND. Thank you very much. I thank the able Senator from Vermont and the able Senator from Michigan for their courtesy.

RESPONSE TO UNITED STATES VERSUS EICHMAN DECLARING THE FLAG PROTECTION ACT UNCONSTITUTIONAL

Mr. THURMOND. Mr. President, as many of us now know, this morning the Supreme Court in United States versus Eichman, ruled the Flag Protection Act unconstitutional.

I stated previously that it was highly unlikely that our statute could survive constitutional scrutiny.

I firmly believe it is now incumbent upon the Congress to act swiftly and pass a proposed constitutional amendment to prohibit the physical desecration of the American flag.

Last October, the Senate voted 51 to 48 in support of a proposed amendment. We were only 16 votes short of the necessary two-thirds for adoption in the Senate.

Two weeks ago, I joined with the distinguished minority leader, Senator DOLE and Senator HEFLIN to reintroduce the proposed constitutional amendment. This is the same language recommended by the President and embodied in Senate Joint Resolution 180 which was supported by a majority of the Senate last October.

Mr. President, while the Flag Protection Act was being considered on the Senate floor, there were a significant number of Senators who indicated they would support a proposed amendment if the statute were ruled unconstitutional. It is my belief that we can pick up the needed 16 votes to ensure passage of our proposal to protect the most poignant symbol of our democracy, the American flag.

The results of a recent Gallup poll, conducted April 11 through May 2 found that 71 percent of the American people favor "a narrow constitutional amendment that would allow Federal and State governments to make flag burning illegal."

As I have stated before, Old Glory has earned the respect and admiration of freedom loving people all over the world. The American flag embodies our commitment to democratic values of freedom and equality. It is readily apparent that an overwhelming majority of the American people want to

protect the flag from physical desecration. In fact, 48 of the 50 States have passed laws to make criminal the burning of the American flag.

Mr. President, there is no need to conduct further hearings in the Congress on this issue. The House Judiciary Committee held hearings on this issue last year and the Senate Judiciary Committee held four hearings as well. We have heard from our Nation's top constitutional scholars, representatives from most veterans' groups, private citizens, and others on this important issue.

The Members of the Senate should know by now where they stand on this issue. The American people through their State legislatures deserve an opportunity to be heard on ratification of a constitutional amendment to protect our most cherished symbol of American ideals.

I encourage the majority leader to expeditiously have our proposed amendment considered on the Senate floor. It is my understanding that the House has reached agreement to consider a proposed consitutional amendment within 30 days of the Supreme Court's decision. I see no good reason to prevent the Congress from deciding on this issue within a month's time.

In closing, I urge my colleagues to join in support of our proposed amendment, Senate Joint Resolution 332, and send it to the States for ratification.

Mr. President, I yield the floor.

The PRESIDENT pro tempore. Under the order, Mr. LEAHY is recognized for not to exceed 20 minutes.

Mr. LEAHY. I thank the Chair.

Mr. President, I also thank the majority leader, the distinguished Senator from South Carolina, and the distinguished Senator from Michigan, who helped arrange the time.

THE FLAG BURNING DEBATE

Mr. LEAHY. Mr. President, just briefly on the flag decision, and I will be speaking more about this as time goes on, there have been some suggestions that we ought to amend the Bill of Rights by Flag Day, which happens to occur this week.

I suggest that this is the fast food school of constitutional amendments. For 200 years, we have not amended the Bill of Rights. We have not found Civil wars, World Wars, Presidential assassinations and resignations, the expansion of our Nation, the slavery question, the addition of new States, none of those things, important enough to amend the Bill of Rights.

We should ask ourselves if we are now about to rush pellmell to amend the Bill of Rights because of a publicity seeker who burned the flag for a TV camera in time to get on the evening news.

I also suggest that the American people listen very carefully to the speeches, because there is a valid debate to be had on this issue. But they should understand what the distinguished Senator from Maine, Majority Leader MITCHELL said. There is not a single Senator in this body who approves of the burning of our flag. There is not a single Senator, Republican or Democrat, who is not a true patriot. They could not serve in this body, they would not want to serve in this body, if they were not a true patriot.

But I would also suggest, Mr. President, that there will be a lot of people in this country who will say, "Let us have this amendment." This is a major debate in this country. We have had now three or four people in the last year, out of this country of 255 million Americans, who have gone out to seek television cameras, to burn a flag in front of them.

Somehow, we must stop everything we are doing in this country to debate the first amendment in 200 years of the Bill of Rights because of that. Some will do that, would rather we debated that than debate the fact that we have a national debt that has mortgaged our children and our children's children.

Some would rather we debated that than to debate the fact that the United States is falling behind Japan and Europe in our competitiveness and in our innovation. Some would rather debate that than the fact that the United States has fallen behind in its schools, its health care, its housing, so that we do not have the preeminence that we had even a generation ago in the world.

Some would rather debate the symbols than the reality of where the United States might be at the turn of the new century.

Mr. President, the flag is a very valued, hallowed, and honored symbol of our Nation. But I, for one Senator, would rather debate those issues that make us great as a nation so that when I look at that symbol flying over the Capitol, or flying over my own home in Vermont, I can say, that flag is a symbol that stands for a great Nation, the preeminent Nation in the democratic world, the preeminent Nation on the globe.

Mr. President, if we do not start debating the fiscal condition of this country, if we do not start debating the fact we are no longer competitive and innovative enough to keep up with the Japanese and Europeans, and others, if we do not start debating those issues, then what does that symbol stand for?

I grew up in a generation where my parents told me that each generation has an obligation to make the Nation better for the next generation, and on and on. We have lost sight of that in the United States. Instead, we debate symbolic gestures and not reality. Symbolism is often easier than reality, but I would rather give to my children—and eventually to their children—reality, not symbolism.

Symbolism did not make this country great, reality did; sacrifice did; the fact that we would always step out and do more than other nations. So we all in the Senate revere the flag. Let us not use a debate on amending the Bill of Rights for the first time in 200 years as an excuse—in the Congress or in the White House, or anywhere else in this country—to step away from the real challenges facing America.

NEW DIRECTIONS IN U.S. FOREIGN AID POLICY

Mr. LEAHY. Mr. President, from the triumph of Solidarity in Poland, to victory by democratic parties in elections in East Germany, we are witnessing a victory of democracy—and a renunciation of Communist rule.

We have seen the liberation of Panama from the Noriega dictatorship, free elections in Nicaragua, Chile, and Namibia.

We are transfixed by the magnitude of these events. But what is the role of the United States in a world that bears no resemblance to the world of a year ago?

I believe the President of the United States has before him the greatest opportunity in decades to nurture the growth of democracy and build the framework of a lasting peace. If he responds with vision and imagination, he will have the support of Democrats and Republicans alike.

For a new bipartisan approach to work, we have to recognize that the cold war can no longer be the justification for foreign aid. It is time to begin adopting new directions and policies based upon the realities of today—and not the fears of yesterday.

In preparing this year's foreign aid bill we in Congress face a hard choice. We cannot do all that the President asks in his foreign aid budget request and at the same time respond to the changed world that has emerged in the last year. We must decide whether we wish to put more resources into foreign aid to satisfy the President's priorities while meeting vastly expanding demands, or whether we must reorder the President's declared priorities. Hard budget realities preclude significant increases in foreign aid. Substantial readjustment seems inevitable.

Foreign aid has become a front page topic. This has stimulated a good deal of debate about how we should reshape our foreign aid progress. I welcome this dialog and I would like to make a contribution to it today. My view is that we need to change our for-

eign aid priorities. As chairman of the Foreign Operations Subcommittee, I would like to outline for my colleagues some views about where we might begin to go with the fiscal 1991 foreign aid bill.

Obviously, what we can do in the bill will depend heavily on the allocation the Foreign Operations Subcommittee receives under the 302(b) process. But these are some of the goals I hope to pursue, working with my ranking member and good friend, Senator KASTEN, and the members of the subcommittee.

First, our foreign aid must more closely reflect the values and ideals of the American people.

We should end the practice of supporting despots and dictators whose sole virtue is a claim to be anti-Communist. American foreign aid must reflect a country's behavior respecting human rights and its progress in the establishment of democratic institutions. Governments that seek our help must be popularly supported at home. The days of buying allegiance against the evil empire are over.

Human rights and the treatment of the powerless should be a central concern of U.S. foreign aid policy, and not an afterthought carefully constructed so as not to offend governments on the receiving end of American generosity.

A number of us expect to begin discussions with Secretary James Baker on a possible bipartisan approach to El Salvador. I do not want to prejudge those discussions, and I will certainly listen to the views and ideas of Secretary Baker and any of the other participants.

But, neither will I disguise where I stand. Our whole aid program in El Salvador has been a tragic failure. A decade during which we have poured over $5 billion in all forms of aid have failed to reform the Salvadoran oligarchy and its partner, the army. The military is still above the law and nothing we have done alters this basic reality in El Salvador. It is long past time to cut back our military aid and to condition any remaining aid on concrete steps to end the war, to institute genuine civilian control, and to prosecute those responsible for specific human rights abuses.

If the attempt to work out an acceptable bipartisan approach on El Salvador is unsuccessful, I intend to ask the subcommittee to include restrictions and conditions on further military aid to El Salvador in the foreign operations bill linked to human rights, civilian control and peace negotiations.

The administration deserves some credit for applying human rights criteria in certain limited cases. We have cut or restricted aid to some countries, including most recently Haiti, Liberia, Somalia, Sudan, Zaire, and Burma at least in part because of those governments' abysmal human rights records. Whether the administration would have done this without pressure from Congress is an open question, but at least they acted. I call on the administration now to look hard at aid for other countries with serious human rights problems as detailed in the State Department's annual human rights report.

We need to step up to the question of whether countries the State Department characterizes as permitting or tolerating consistent patterns of human rights abuses by security forces should continue receiving unconditional U.S. aid. I realize how difficult a challenge this is for the administration, which has to weigh many factors in its conduct of foreign policy. But we cannot go on turning a blind eye to the behavior of countries who benefit from the generosity of the American people.

Second, we must begin to shift foreign aid funds away from military aid and toward economic development and humanitarian assistance.

The polls show a majority of Americans do not support foreign aid. They are afraid that much of our aid goes into the pockets of the wealthy and powerful, or into useless military weapons. At the same time, Americans are altruistic and want to help those in need abroad. They want their money to meet basic human needs such as medical care, education, food, and jobs for the poor.

The American people have reason to be cynical about foreign aid. Much of it is wasted or unproductive. More than 60 cents of every foreign aid dollar goes to military and security assistance—destined for bureaucracies and armies. Of the $15 billion foreign aid request for fiscal 1991, the administration wants more than $5 billion for direct military aid, a $300 million plus increase over last year.

Perhaps it is unfair to criticize the administration too sharply for not foreseeing the momentous events of the past year—though I would argue some of the trends have been visible for longer than a year. However, whatever the administration's rationale for asking for a large increase in military aid, the level is not justifiable in the present conditions.

That is not the kind of foreign aid Americans will support—certainly not Vermonters.

In that same bill, the administration proposes to reduce development aid to the Third World. It would cut aid to black Africa which is suffering from famine, millions of homeless refugees, economic collapse, huge foreign debt, poverty and misery on an unprecedented scale.

A fraction of the hundreds of millions of dollars in military aid and disguised rent we give to nations for anachronistic bases and access could help alleviate the real threats to global security—overpopulation, illiteracy, disease, environmental degradation, and poverty.

Some examples: With just 10 percent of our military aid—$500 million—we could nearly double our bilateral economic assistance to black Africa, the region of deepest poverty in the world. With just 5 percent of military aid—$250 million—we could finance large scale programs to conserve the world's rain forests, reduce emissions of chlorofluorocarbons, and slow global warming. With only 1 percent of military aid—$50 million—we could more than double the money going into international prevention and control of AIDS, which is rapidly becoming the scourge of Africa and Asia.

I plan to propose to the subcommittee that we cut military assistance in the foreign operations bill. The cut I will propose will be substantial, below last year's appropriated level—not just below the administration's inflated request. I will ask the subcommittee to agree those dollars be shifted to development assistance to the poorest nations and to export promotion programs to strengthen American economic competitiveness abroad.

I also will ask the committee to increase development aid to the impoverished people of sub-Saharan Africa. My goal would be an increase of at least $100 million over the administration request. I will also propose moving not less than $100 million from the requested level for military assistance into worldwide development programs aimed at food production, nutrition, basic education, family planning, health, and child survival.

And, this must be just the beginning of a long-term shift of resources away from waging the cold war to building peace and democracy in the Third World. If support for foreign aid is not to disappear altogether, we must begin now to shape a program that responds to what the American people see as the real needs overseas.

The third principle which should guide our new foreign aid policy is a concentration on responding to global threats to humanity.

It is almost a Washington axiom that programs that make the most sense often get the least money. The administration gives the lowest priorities in every foreign aid bill to the environment, the population explosion, child survival, AIDS, and alleviation of human suffering.

This is no exaggeration. Last year, over the administration's objections, Congress appropriated $65 million to the U.N. Children's Fund, a program aimed at reducing more than 30,000 preventable deaths of children each day in the Third World. The State Department now comes forward with a

20-percent cut for UNICEF this year. Despite the administration's request, I will ask the Foreign Operations Subcommittee to increase the U.S. contribution to UNICEF again this year.

Last year, Senator KASTEN and I increased environmental funding for the Agency for International Development $15 million to help combat global warming. AID objected and is seeking to cut its environment program this year. The administration also seeks to reduce the U.S. contribution to the U.N. Environment Fund despite the $4 million increase we approved last year.

I will again propose adding more money to the environmental programs of AID to support the Leahy-Kasten global warming initiative. Further, I will propose that the subcommittee include whatever funds are necessary for a U.S. contribution to the special fund being established to help poor Third World nations comply with the Montreal protocol requirements to reduce emissions of chlorofluorocarbons.

The administration's refusal to join in setting up this fund to control CFC's is an abysmal failure of leadership which we cannot tolerate. It repeats the tragic pattern of rhetoric over reality which is coming to characterize this administration in far too many fields, especially the international environment. The global warming problem is too urgent to allow special interests to prevent U.S. leadership. We must have action now.

Last year, over strong administration objections, I insisted on a $20 million increase on population control programs that provide contraceptives to the Third World poor. Despite universal recognition of the direct link between population and destruction of the environment, the administration is seeking to cut that program by $26 million in this year's budget.

Not only will my bill restore the administration's proposed cut in family planning, I will ask the subcommittee to increase AID's population control program over last year's $220 million. We must continue the effort begun last year by the Senate Foreign Operations Subcommittee to rachet up the U.S. family planning progam to levels it attained in the mid-1980's under the strong leadership of Senator KASTEN. Senator KASTEN has also declared his strong support for major increases in the population program, and I welcome the chance to work with him on this.

Last year, President Bush unwisely vetoed the foreign aid appropriations bill because Congress voted to contribute to the U.N. Population Fund, while fencing off any of our money from going to China because of concern about coercion in its family planning program. The White House gave in to single issue pressure groups. As I stated in a letter to President Bush earlier this year, if a mutually acceptable compromise cannot be worked out permitting a U.S. contribution to the U.N. Population Fund, I am going to propose a contribution to the UNFPA again in the fiscal 1991 foreign aid bill. The international population crisis is too grave for domestic political interests to block U.S. support for the most effective international population control organization.

Last year, we increased funding to combat AIDS by 8 percent. Most of these funds went to Africa. This year, AID wants to cut funding by 20 percent—despite knowledge that one of every eight adults in Uganda is infected. AIDS is becoming endemic throughout Central Africa, making serious inroads in Asia, and appearing in Central America and the Caribbean. My goal is to raise last year's AIDS program by at least 30 percent.

Whether the money is for efforts to stop the black market trade in endangered species, rain forest destruction, or another environmental initiative in the foreign aid bill, it must be defended against administration attempts to redirect the aid to military assistance.

My hope is that the Senate will agree that every one of these programs will be increased above last year's levels despite administration opposition.

This will begin to meet the demands of Americans who favor aid that feeds, heals, and sustains, and not the weapons trade that destroys, maims, and kills.

The fourth principle is that foreign aid must do much more to strengthen American economic competitiveness abroad.

Foreign aid is not some international charity or welfare program. Properly designed, it can be an investment in new trading partners, growing export markets, and more jobs in our export industries here at home. The foreign aid budget submitted by the administration is a weak response to our strong national interest in promoting American trade and investment overseas. The President gives speeches about the need to help United States businesses export and invest in Eastern Europe. But his budget request slashes funding for the Export-Import Bank, the main engine for assisting U.S. business to compete against officially supported competitors, by nearly $120 million. With four more nations turning to the Western economic system, the President's request for Eastern Europe is the same as what Congress compelled him to accept for Poland and Hungary alone last year.

After investing billions of dollars in Europe through the Marshall plan and NATO to keep democracy alive—at the very inception of its rebirth, we are cutting corners. We're telling these nations that we ran out of money—at the very moment this investment could pay off in big dividends for America's businesses and working men and women.

Our foreign assistance program must be aimed at strengthening U.S. economic involvement in the emerging democracies of Eastern Europe. We are being left behind by Western European and Japanese firms who get direct support from their governments. Working with Senator KASTEN, I will propose to the subcommittee a major Eastern European initiative aimed at strengthening the ability of American business to participate in the opening of this enormous new market as we enter the 21st century.

I will also propose increasing funding for the Export-Import Bank by $100 to $150 million so that U.S. businessmen and women can compete on a more level playing field with their Japanese and West European competitors who are coming to the table with government-backed offers.

Our aid should likewise help American businesses compete against these subsidized nations that are taking these markets away from us in Africa, Asia, and Latin America. These countries want contracts signed on the dotted line with prospective trading partners as a condition of foreign aid assistance. The foreign aid bill can give American business more tools to combat predatory financing, tied aid, and mixed credits.

If we are to compete for markets and American jobs, it is a time for boldness. To compete with Japan and Western European interests, we have to back our commercial interests as effectively as the countries that are in competition for these markets.

Fifth, the President and Congress must rebuild mutual trust and cooperation in our foreign aid programs.

In the wake of Vietnam, Watergate, Iran-Contra, and other abuses of power by Presidents, foreign aid, like American foreign policy generally, has been saddled with a legacy of mistrust and suspicion of the executive branch. Congress has, frankly, engaged in the details of foreign aid programs because it has no confidence in the good faith of the executive branch in executing our intentions in providing funds. Presidents have long complained about what they call micromanagment of foreign affairs, including foreign aid programs, but congressional involvement in the nuts and bolts is a symptom, not a cause of the mistrust and lack of cooperation.

The principal congressional device for ensuring that its own priorities are met in appropriating foreign aid funds is earmarking the allocation of money to specific programs or recipient countries.

Congress' priorities, by and large, have rather closely paralleled those of the executive branch. Earmarking has

only become a serious bone of contention in the last 2 or 3 years as resources for foreign aid have declined in real terms. Earmarking has increasingly left insufficient foreign aid money free for the President to cover what he regards as priority programs and countries not included in congressional earmarks.

Presidents of both parties have complained about earmarks. To the White House, regardless of which party controls it, earmarks are an unwarranted congressional encroachment on the constitutional prerogatives of the President to conduct foreign affairs. But to us in Congress, especially those in the two Appropriations Committees who write the bills that actually provide the dollars to the President to spend, earmarks are an indispensable and legitimate instrument for carrying out our constitutional responsibilities to determine how the public moneys will be spent.

We are not going to appropriate $15 or $16 billion in foreign aid money to the President, no strings attached, and simply ask earmarking or some other name, specific allocation by Congress to programs or countries of a large portion of foreign aid will continue. This is how we determine priorities. It is Congress' main lever for influencing foreign policy.

Important questions have been raised about whether we should not shave earmarks in certain categories of countries, or cut earmarks by a set percentage across the board. My own view is that each earmarked country must be considered on its own merits. If the funding request is justified and Congress wishes to give it priority through earmarking, then we should earmark. If changed circumstances indicates that previously requested or earmarked levels are no longer justifiable, they should be changed.

I have some specific ideas about adjustments that need to be made in some earmarks, which I will discuss with Senator KASTEN and other subcommittee members, as well as other key congressional leaders. We will be discussing the question of earmarks with the Administration as well. I plan to speak in more detail about earmarking in a later floor statement.

The President has a legitimate argument that, as the chief executor of foreign policy, he needs more flexibility in using foreign aid as a tool of American foreign policy. He needs a greater capacity to respond to specific international events and changed circumstances.

As one Senator, I have offered directly to President Bush and Secretary Baker, and I renew this offer today, to work with them to see if a way can be found to provide the President with greater flexibility in foreign aid—without undermining Congress' power of the purse. Right now, there are only three ways for the President to have flexibility in foreign aid.

We can reduce the level of earmarking. I have already indicated that while some changes in earmarking reflecting transformation of the international security situation, earmarking is an essential tool Congress is not going to surrender.

The President can reprogram funds from one activity to another. This creates bureaucratic havoc, is replete with redtape, slow and cumbersome. The President should have a better response capability than this for special situations.

The other is for the President to use his authority under section 614(a) of the Foreign Assistance Act to waive earmarks and reallocate funds. Presidents wisely have been reluctant to overuse this authority because they know tampering with earmarks will eventually lead to removal of this authority. It is the atom bomb of foreign aid.

One idea which has occurred to me is to establish a foreign aid contingency fund of a carefully limited size under the control of the President subject to the normal congressional notification process. Such a fund would give the President greater flexibility to meet unforeseen situations or changed circumstances while retaining for Congress the right to object if we disagreed with his intentions. The funds could not be spent over our objections. But, the President would not have to reprogram from other priorities or resort to section 614(a).

There are practical and political problems to this approach. Some might wonder why a Democrat would broach such an idea in a Republican administration. My answer is that, regardless of the party in the White House, the fundamental changes sweeping the world make it vital to restore bipartisanship in foreign affairs, and to rebuild executive-legislative cooperation so that we can more effectively pursue shared international goals.

I am ready to discuss this or any other idea the President may want to explore, and to see if the members of the Foreign Operations Subcommittee would be prepared to support some mutually acceptable approach.

The American people, under great bipartisan leadership, have invested heavily for years to keep the spirit of democracy from fading in Eastern Europe and throughout the free world.

But after decades of relying on superior military power and a web of global alliances to ensure our national security, we don't appear ready to capitalize on the success of this strategy.

There are advantages to be taken at every point in history. Our challenge is to support the sweeping reemergence of democracies throughout the world, and bond that friendship in agreements and contracts for our mutual prosperity.

It would be a sad irony if our Nation, resolute in defense, firm and unflinching with adversaries for all these years, failed to recognize the peace we all have been working for—and lost the opportunity to profit from it.

AMERICAN POLICY TOWARD CAMBODIA

Mr. MITCHELL. Mr. President, following the close of the United States-Soviet summit, we are reminded how many significant changes have occurred in the world in the past few years. We are also reminded that not all of America's policies have adapted to these changes in the international environment.

Regional conflicts, a recurrent theme of discussion in United States-Soviet relations, continue across the globe. Some, as in Nicaragua and Namibia, have been peacefully resolved. New conflicts threaten to break out, as between India and Pakistan. Others, such as Afghanistan and Angola, simply continue on.

To some extent, these continuing conflicts reflect the legacy of the past, a cold war, zero-sum battle of proxy forces and puppet governments. For external powers fueling such conflicts, there appears to be a lack of courage and commitment to reexamining the basis of their policies and creatively addressing the need for a peaceful solution. Nowhere is this more obvious and tragic than in the case of American policy toward Cambodia.

The Bush administration's Cambodia policy, to the extent that a thorough and conscious policy can be said to exist, has been shaped by several factors:

The legacy of bitterness and misunderstanding from earlier American involvement in Southeast Asia; the Bush administration's hesitation to confront China or cooperate with the Soviet Union in the search for peace in Cambodia; and the administration's unwillingness to act unless immediate positive results are guaranteed.

For over a decade, United States policy toward Cambodia has been seen through the prism of the superpower conflict. Because the Soviets backed the Vietnamese who invaded Cambodia, the United States automatically joined with the Association of South Asian Nations [ASEAN] and China to counter Soviet expansionism—even if it meant de facto support for the genocidal communist rebels known as the Khmer Rouge. The United States reflexively supported a policy that could produce an outcome far worse than the problem it purported to address.

The Bush administration has thoughtlessly continued this policy,

despite changes both in Southeast Asia and in superpower relations. Those changes have destroyed the only rationale used to justify that policy. The President has failed to reexamine United States interests in this conflict, failed to disentangle our policy from that of China for fear of upsetting Beijing. The Bush administration continues its policy in Cambodia despite overwhelming evidence of the dangerous result it makes more likely.

In the literal sense of the word, the administration's Cambodia policy is incredible. It is insupportable. It must be changed.

China's clients, the Khmer Rouge, are Communists who have fought to control Cambodia for over 20 years. When they succeeded, from 1975-79, they wrought unspeakable horror. It is virtually impossible to describe their methodical terror, what is now called autogenocide—the systematic destruction of one's own people.

The Vietnamese invaded Cambodia in 1979, not for humanitarian reasons, but in response to Khmer Rouge attacks. They drove the weakened Khmer Rouge into the Western fringes of the country and into Thailand.

The United States subsequently winked in encouragement as the Chinese and Thai resurrected Pol Pot's Khmer Rouge troops with arms and supplies. The United States joined China, North Korea and members of ASEAN to help support two alternative non-Communist guerrilla groups. The Reagan administration then encouraged the non-Communists to a make a formal alliance with the Khmer Rouge. This failure to distinguish between murderers and non-Communists—at the United Nations, on the ground, or in negotiations—is a grave mistake that haunts current U.S. policy.

The Khmer Rouge have two, three, or perhaps four—we do not know—times the number of troops of each other faction. In Prince Sihanouk's own words, the Khmer Rouge are "the most effective, disciplined, and well-trained military force." Unquestionably the strongest resistance force is that of Pol Pot.

The faction led by Son Sann reportedly is the second most active group, although it is the smallest of the three.

The least powerful of all is the group led by deposed Prince Sihanouk, who joined the Khmer Rouge to oppose the Cambodians who ousted him in 1970. Sihanouk now says that the Khmer Rouge are not criminals anymore, but patriots.

These functions, while they do not trust or like each other, rely on the same primary benefactor—China. China wants them to cooperate. Prince Sihanouk, once revered as Cambodia's God-King, provides the only imaginable shred of legitimacy for the Khmer Rouge. But Prince Sihanouk is nothing on the ground—his main military leverage is derived from the battlefield success of the Khmer Rouge.

When the Vietnamese had nearly 200,000 troops in Cambodia and held the Khmer Rouge at bay, the world isolated and ignored Cambodia. No one bothered to seriously consider that Chinese policies were strengthening the Khmer Rouge.

By the end of 1989, when the Vietnamese withdrew the bulk of their troops and left the country in the hands of the Government they had installed, the world awoke. The possibility of a Khmer Rouge return to power and a return of their terror became real.

Surely this is not what the United States seeks, nor is it in our interest.

What are United States interests in Cambodia? A stable regional peace, a Cambodia that no country—not Vietnam, the Soviet Union, or China—can use to project its own power. A Cambodia that will prosper economically and become a trading partner. A Cambodia that will not destroy itself once again, as it nearly did under the Khmer Rouge.

The Vietnamese have withdrawn either all or most of their troops from Cambodia. They have turned inward, trying to confront their massive economic failures at home. While one day Vietnam might again turn outward, this is most likely if hostile Cambodian forces again attack, as the Khmer Rouge did. The Soviets are seeking disengagement from the region. They want to reduce the financial burden of support; they want a peaceful solution. Whatever residual threat of Vietnamese or Soviet expansion in the region exists, it is not, in my view, outweighed by the threat of the return of the Khmer Rouge.

The Hun Sen regime is tainted by its foreign installation and by its leaders' former association with the Khmer Rouge. Like the Laotian Government with which we have relations, the Cambodian Communists have undertaken social reforms, opened the Government to former opponents, and allowed greater economic freedoms.

The current regime is not ideal; far from it. But it is not the Khmer Rouge.

The administration does not believe it faces a choice between the two. It believes that all factions can be brought into a comprehensive peace that would lead to Prince Sihanouk's election as head of a peaceful and democratic Cambodia. It desperately wants to believe that this is possible, so that it can avoid a choice between the evil and unattractive. I wish it were that simple.

It is not.

The crux of the problem is that the administration assumes that China and its client, the Khmer Rouge, if brought into a settlement, will abide by its terms. Whether this is an inclusive coalition government or an internationally administered election, such an accommodating approach requires cooperation. But our policy should not be based upon an assumption that China would be satisfied with anything less than ultimate Khmer Rouge domination, or upon the expectation that the Khmer Rouge will mend their ways.

The Bush administration has been slow to realize the inherent danger of its current policy—that it in effect sanctions the return of the Khmer Rouge.

It does so first by providing nonlethal assistance to the two non-Communist groups without adequate control over the use of their assistance.

These groups receive much of their support from China. Joined in a coalition, they do not fight against the Khmer Rouge. They fight with the Khmer Rouge. Increasingly there are reports of tactical and strategic military cooperation between Sihanouk's forces and the Khmer Rouge. Prince Sihanouk has stated that the non-Communists take ammunition and heavy weapons from the Khmer Rouge. It is alleged that all factions share intelligence information during battlefield operations.

There are also reports of the existence of a Cambodian working group in which the resistance factions coordinate planning and strategy as well as coordinating outside assistance.

Congress in 1985 barred the use of funds "for the purpose or with the effect of promoting, sustaining, or augmenting, directly or indirectly, the capacity of the Khmer Rouge or any of its members to conduct military or paramilitary operations." That was the American response to the terror perpetrated by the Khmer Rouge.

It now appears that there is reason to question whether this law is being obeyed. Accordingly, at my request, the Senate Intelligence Committee will conduct oversight hearings on the administration's policy in Cambodia, and the administration's compliance with the law.

The second way the United States indirectly promotes the return of the Khmer Rouge is through its diplomatic policy. The United States and most other nations preferred to leave the Cambodia seat at the United Nations occupied by the Khmer Rouge rather than see the Vietnamese-installed government represented in the United Nations. In 1982, the Reagan administration encouraged Sihanouk and Son Sann to join a coalition with the Khmer Rouge and jointly occupy the seat—although the Khmer Rouge in

effect controls the seat. This U.S.-engineered coalition gives the Khmer Rouge international legitimacy it does not deserve.

It is time to abandon this sickening charade and withdraw support for any coalition, regardless of its title or flag, that includes the Khmer Rouge. Better an empty seat than one stained by the crimes of the Khmer Rouge.

The third aspect of the Bush administration's policy that facilitates Khmer Rouge dominance is its conscious penalizing of the Cambodian people. The United States has been the single most important factor in ensuring Cambodia's isolation and continued poverty.

The administration refuses to allow licenses for rehabilitation or development projects in Cambodia. It makes it very time consuming and difficult for private voluntary organizations to provide even strictly defined humanitarian aid. Administration policies have in effect denied Cambodia international assistance to restore the damage done by the Khmer Rouge, let alone progress toward the country's 1969 standard of living.

Administration policymakers apparently fear that humanitarian relief, economic development, and international interactions with Cambodia will strengthen the Hun Sen regime—and that this is more important than the well-being of the Cambodian people. They seem to forget that keeping Cambodians weak and powerless helps the Khmer Rouge most.

The administration refuses even to talk to representatives of the Hun Sen regime. We have diplomatic relations with Laos, even though Vietnamese troops remain in that country. Secretary Baker has met with Angolan President dos Santos, even though the United States funds a guerrilla force in his country. But the administration will have nothing to do with Hun Sen.

How can the United States without any contact with Cambodia, understand what is happening inside the country?

There are so many basic facts we don't know for certain—from the strength and popular support for the Khmer Rouge to the effects of the economic reforms of the Hun Sen government. We are ignorant of facts that should be crucial factors in our policy toward that country.

But this administration apparently believes that this lack of knowledge is worth a political point.

In its efforts to promote a peaceful resolution of the conflict, the administration intends that the Khmer Rouge be given an entree, a chance to participate in elections, to be included in a settlement. But unless the United States changes its current priorities, this approach could facilitate Khmer Rouge domination.

Khmer Rouge domination is not what the administration intends. I believe that. But it is made more, rather than less, likely by the administration's policy.

I believe United States policy toward Cambodia cannot be based on a solution that emphasizes satisfying China and the Khmer Rouge. Their interests are not ours. United States policy in Cambodia should be first and foremost aimed at isolating the Khmer Rouge.

What changes in policy would this require?

We must first remove the fig leaf of legitimacy that we bestow upon the Khmer Rouge in the international community. The first symbolic step should be the withdrawal of United States support for the occupation of Cambodia's seat at the United Nations by a coalition government that includes the Khmer Rouge.

Second, the administration should work to convince the ASEAN countries that fund the non-Communist resistance that it is time to divorce Sihanouk and Son Sann from the Khmer Rouge.

Together, the United States and ASEAN should work to convince the non-Communist forces that such a split is a necessary step toward restoring their political autonomy and legitimacy. They are stained by their association with the Khmer Rouge; they must begin to demonstrate independence from the forces that nearly destroyed the Cambodian people.

Third, the President should clearly state that the United States will not support a negotiated solution that would give the Khmer Rouge a role in Cambodia's future or increase the likelihood of a Khmer Rouge military victory.

If the recent Tokyo talks presage a bipartite solution that would exclude the Khmer Rouge, those talks were positive. But it is troubling that the process established by the Tokyo communique would not necessarily preclude Khmer Rouge participation, as is it troubling that Prince Sihanouk hopes the Khmer Rouge will yet join him.

That the Khmer Rouge continue to insist on an equal diplomatic role will, I hope, prompt the administration to unequivocally reject a quadripartite solution.

The United States should strongly support elections in Cambodia, but those elections must be conducted in a manner that will minimize the possibility of a return of the Khmer Rouge.

Fourth, the administration must ensure that the law barring any direct or indirect U.S. support for the Khmer Rouge is being obeyed. The American people deserve a guarantee that their money is not in any way helping the forces of murder and genocide. If the U.S. Government cannot provide this guarantee, then funding for the other non-Communist partners in that coalition should be reexamined.

America does not promote democracy abroad by directly or indirectly enhancing the strength of the Communist murderous Khmer Rouge.

Fifth, the United States should talk to the Hun Sen regime. As I stated earlier, to deny all contact in order to make a political point does not serve American interests. We must be better informed about the situation within Cambodia and capable of some form of dialog with the ruling regime.

Finally, the administration should ease restrictions on humanitarian and development aid to Cambodia. The Senate recently took a positive step by adopting the Cranston-Kerrey amendment to provide $5 million of emergency aid to Cambodian children through international relief agencies. I urge the administration to use this money to help the children of Cambodia.

We should begin interacting with Cambodia, exchanging people and ideas. We should not enforce Cambodia's isolation and poverty, because isolation and poverty is not a stable basis on which to build a democratic and peaceful future.

In order to take these steps, the administration must confront three major factors affecting its current policy.

First, the administration will be forced to face the fact that China is the problem, not the solution, in Cambodia. The United States must decouple its Cambodia policy from that of the Chinese. China cannot be our partner in the search for peace as long as it supports the Khmer Rouge.

American officials have repeatedly made personal requests that China reduce that support. Yet according to the press, even administration officials admit that China has since sent large new weapons shipments to the Khmer Rouge. Is this what the President is getting in return for continuing business as usual after Tiananmen Square? If so, he is getting nothing.

The administration must recognize that China's interests are not America's interest. It is time to admit that China does not share our goals in Cambodia. It is time for American policy to reflect American goals.

Second, the Bush administration will be forced to abandon the cold war prism through which it views Cambodia. The administration remains wedded to an outmoded analysis of the conflict which has blinded officials to the dangerous result their policies may bring about.

Until the administration can objectively evaluate the situation, it will be unable to consider the Hun Sen government as part of the solution.

But just as we dealt with South Africa in Namibia and the Sandinistas in Nicaragua, so, too, will we have to

deal with the Hun Sen regime if we are to bring peace and democracy to Cambodia and prevent a return of the Khmer Rouge.

Finally, the administration will be forced to take risks, to devote energy and time to an uncertain outcome. This is difficult for an administration that engages itself only when the costs are negligible and the victory is certain. The Bush administration is so risk-averse that it appears unwilling to take the steps necessary to restore sanity and morality to our Cambodia policy. But it must do so, now.

I am certain that no American wishes to help return the nightmare of the murderous Khmer Rouge to the Cambodian people. It is time to change America's Cambodia policy accordingly.

UNITED STATES-CAMBODIAN POLICY

Mr. KERREY. Mr. President, during the Easter recess, I spent 8 days visiting Cambodia, Vietnam, and the Cambodian refugee camps in Thailand on the Cambodian border. I met with government leaders and private citizens in all three countries.

Today, I would like to present the impressions of what I saw, offer observations of our current policy toward Cambodia and Vietnam, and make some suggestions about what needs to be done before we can normalize trade and diplomatic relations with both countries.

My policy approach is to consider Cambodia and Vietnam separately. It makes sense for the United States to address the Cambodian problem as a prelude to resolving outstanding issues with Vietnam. I will attempt to do just that after I thank those who helped me with this trip.

First, I want to express my gratitude to majority leader MITCHELL for authorizing this trip. I also want to thank Senator ALAN CRANSTON for providing me with much needed direction and advice. I have discussed my views with Senator CRANSTON prior to offering them today.

In addition, I was helped immeasurably by the guidance and advice of Marvin Ott, a staff member of the Senate Intelligence Committee. Further, I want to acknowledge with appreciation the efforts of Under Secretary of State Richard Solomon. Although I have been critical of the administration's policy—particularly their successful effort to get Senate approval for the lethal aid to the non-Communist resistance and U.S. participation in a coalition that includes the Khmer Rouge—Secretary Solomon was respectful and extremely helpful.

The conflict over the future of Cambodia has continued, almost nonstop, since 1969. The long-suffering people of this beautiful and potentially prosperous country have endured a military coup, a Communist insurgency, saturation bombing by American B-52's, civil war, a Khmer Rouge regime that killed nearly a quarter of the entire population, a Vietnamese invasion, and more civil war. In discussing policy toward Cambodia, we should state that our first principle will be to do what is in the best interest of the Cambodian people themselves.

The situation has changed over the past few years. The world revolution espoused by the Soviet Union and encouraged by their surrogates is over. Vietnam and Cambodia have both gotten this message loud and clear. Soviet aid has been reduced and the cooperation which used to exist between East bloc countries, like Czechoslovakia and the German Democratic Republic, has ended.

The Bush administration must base its policy on the new circumstances and not the old. What is possible in 1990 was not possible in 1980. However, we must adjust our thinking if we are to help make it happen.

The President must resist the temptation to see Cambodia through the lens of the People's Republic of China. The President's experience as Ambassador to China in the mid-1970's has given him certain biases that affect good policy formulation.

The President was in Beijing at a time when United States-Chinese relations were beginning to improve and he worked hard to encourage that process.

Following the Vietnamese invasion we and the Chinese both worked to build a coalition of all Cambodian factions that could resist the Vietnamese. But Vietnam has left and the situation has changed.

And Tiananmen has dramatically changed the climate of United States-Chinese relations compared to the 1970's.

IMPRESSIONS

Let me begin with some impressions from my trip. These images and memories will not yield to the force of my high-minded policy pronouncements; they have an impact which must be considered separately because so few Americans have been in Cambodia.

There are more than 300,000 people living in the refugee camps on the Thai-Cambodia border. They are people residing in the no man's land of bad policy. Driven from their homes by the fear of the Khmer Rouge or the Vietnamese, or born into a life where it is illegal to learn anything more useful than how to fight a guerrilla war or to build handicrafts, these people cannot go forward or back.

There was a moment in a pediatric hospital in Phnom Penh when the suffering of the children overwhelmed me. Children were brought there, some to live but many to die. They were suffering from dengue fever, encephalitis, typhus or simple respiratory infections, all of which were preventable or curable.

The field hospital for war casualties at refugee site II on the Thai-Cambodia border made me think of the Philadelphia Naval Hospital where I was treated for 9 months in 1969. The United States was pursuing a comprehensive peace settlement then, too. It took us 4 more years to put it together, and in the meantime, thousands died.

Perhaps the most symbolic moment of the trip occurred in Hanoi. On Easter Sunday, we asked to attend services at a Catholic church. Our host brought us to the church just as mass was ending. We had an hour before our meeting with Foreign Minister Nguyen Co Thach, so we took a driving tour of Hanoi.

As we passed a lake in the center of town, our escort pointed to a monument. He said it commemorated the successful downing of an American fighter aircraft and the capture of its pilot, JOHN MCCAIN—now Senator MCCAIN.

The monument is built as a likeness of a fallen pilot. His hands are over his head in what is supposed to be a gesture of surrender.

The longer I looked at this monument, the less the figure resembled a man surrendering. The more I looked, the more the figure resembled that of Christ on the cross. Rather than being a symbol of Vietnamese heroism, or American sacrifice, it became a symbol of universal passion and redemption.

The heroes of my visit were those who solved problems one person at a time. They included Dr. Reinhard Strunz, a surgeon at the Cheung Doi refugee hospital in site II; Mitchell Carlson, a United Nations employee working in the refugee camps; Sos Kem, a Khmer-American officer from the Embassy's refugee section; and Peter and Margie Morris laboring in an ill-equipped, understaffed pediatric hospital in Phnom Penh.

The villains were those who could abstract the problem beyond the flesh and blood of life. The worst of these were the Khmer Rouge leaders in site VIII. I do not believe the Bush administration would continue supporting a coalition that included these killers if they sat across the table from them as I did.

Evil rarely appears ugly at first. It presents itself as sincere and good in the beginning. Only after it has snared its victim, does it reveal itself for what it really is. Thus, the Khmer Rouge's political message—nationalism, hatred of the Vietnamese, opposition to the decadence and corruption of the cities—is appealing and it sells.

I asked a Cambodian man, who had just finished a gripping story of his

entire family having been killed by the Khmer Rouge, if he had known Pol Pot. He said that he had. When I asked what he was like, his answer was chilling; "He was kind. Very kind. All the children loved him."

More commonly, the heroes and the villains resided in the same person. Hun Sen may be the best example. He is increasingly regarded by many of the Western representatives of humanitarian nongovernment organizations as a changed man who deserves better treatment from the American Government. Yet, Hun Sen had been a Khmer Rouge officer himself.

More significantly, in a 3-hour discussion with me, he made a concerted effort to convince me that the Cambodian people had been victimized by Pol Pot and that American policy was prolonging the pain. Not once during this conversation did he describe the miserable health and living conditions of today's Cambodians who live under his control.

Hun Sen did not understand that the solidarity of the world revolution had been shattered by the collapse of communism in Eastern Europe. When then Czechoslovakian President Jakes was in Cambodia in 1988, he was greeted as a comrade in arms. President Jakes' most celebrated prisoner is the new President of Czechoslovakia. I do not want to assist in the imprisonment of Cambodia's Vaclav Havels.

LEGACY

It is fair to say that with the fall of Phnom Penh to the forces of Pol Pot's Khmer Rouge on April 17, 1975, and the surrender of Saigon to the North Vietnamese forces 12 days later, the United States turned its back on both countries. After 30 years of involvement, beginning with our cooperation with the Viet Minh, and ending with the forces of the South against the Communist North, the United States poured tens of billions of dollars and thousands of lives into Indochina.

So complete was our about-face that we did not respond to the desperate cries for help coming from Cambodia's killing fields. It took the movie of the same name in 1984 to move us and then it was too late to do anything but provide humanitarian support to those who had survived.

So total was the desire to forget Vietnam, Cambodia, and Laos it was not until the early 1980's that Americans began to welcome home the men and women who had gone there to fight. We are beginning to settle differences between those who supported and those who opposed the war. We are beginning to do what is right for the Vietnam veterans: Parades, the Wall, agent orange settlements, and the Vessey POW missions.

Now, it is time for us to do what is right for the Vietnamese and the Cambodian. Now, it is time to face our responsibilities squarely—58,000 American service men and women died in an effort to bring freedom to the people of Indochina. We failed then, but I believe we can succeed now—without another casualty.

Mr. President, I am aware of how difficult this will be. I am aware, however, that we have a chance to save and improve the lives of people with whom our recent history has been tragically entwined.

POLICY

At this juncture, it is worth noting that my disagreement with U.S. policy is not as great as my disagreement with the policies of every other government in the region. The most reprehensible behavior is that of the People's Republic of China. Their continued vigorous support of the original leaders of the Khmer Rouge, who killed at least 1 million Cambodians during their rule from 1975 to 1978, is barbarous.

I am also critical of the Soviet Union which has viewed Cambodia as an important part of a world Socialist brotherhood. Moscow's cold-blooded realpolitik has encourged Vietnam and their proxy government in Cambodia to disregard the needs of the Cambodian people and to tolerate documented human rights abuses.

I am equally critical of Vietnam. Their invasion in 1978 did have the secondary benefit of driving the Pol Pot killers from power. However, it is clear their primary purpose was territorial expansion; their invasion and subsequent occupation was done to secure advantage for Vietnam rather than to save the Cambodian people. Vietnam's own preference for a single party, totalitarian political system, was applied in Cambodia.

I am critical of the Cambodian Government led by Prime Minister Hun Sen and President Heng Samrin. The new leaders consolidated their power in the classic Communist fashion. They stifled dissent, jailed those who threatened their power, and used fear as the principal means of controlling the population.

In spite of recent efforts to liberalize the economic and political system in Cambodia, Hun Sen and Heng Samrin must be viewed with great suspicion. They are new and unreliable members of the small group of leaders still attempting to reform their system by degree from the top, rather than by democracy from below.

Moreover, it is indisputable that both of these men were loyal Khmer Rouge leaders until their own lives were endangered in 1978 and they turned to Vietnam for protection. Hun Sen's explanation that he was young is the same as a Khmer Rouge I met with later in a Thai refugee camp. I found myself distrusting both answers.

The picture does not get any clearer when we turn to the other key players in the region. Thailand is the conduit by which substantial amounts of Chinese-supplied arms are shipped to the Khmer Rouge. The Thai Government refuses to tell the United States any details of these transactions. When the Khmer Rouge retook the gem rich Cambodian town of Pailin, Thai businessmen sent workers in to extract valuable rubies and emeralds.

Even our non-Communist allies are suspect. Prince Sihanouk has been on China's payroll for the past 15 years and has been reluctant to dissociate himself from the leaders of the Khmer Rouge. His radio broadcasts to the people in 1975 encouraged them to help Pol Pot come to deadly power. Hun Sen was one of the young men who signed up. General Sak, the able and dedicated military commander of the KPNLF, is an American citizen whose Orange County doughnut shop is probably running better than the guerrilla war he is leading with our assistance.

For the United States—without a physical presence in Cambodia and with memories of the Vietnam war distorting our view—the scene is very confusing. The more I look at Indochina, the more I am willing to risk misapplying the words of the great Oliver Wendell Holmes, Jr. His description of the mind of a bigot is what seems to happen when we try to understand Indochina: "It is like the pupil of an eye: The more light you pour upon it, the more it will contract."

Indochina is a long-distance away physically. This is not a weekend visit as Europe has become. Indochina is also a long-distance away culturally. Most difficult of all, one must cross the memory of the Vietnam war to get there.

Like a dark abyss, this memory contains spirits which torment America to this day. There is a Theodore Rothke poem which captures the essance of the fear of this memory. The poem, "The Bat," reads:

By day the bat is cousin to the mouse.
He likes the attic of an aging house.
His fingers make a hat about his head.
His pulse beat is so slow we think him dead.
He loops in crazy figures half the night.
Among the trees that face the corner light.
But when he brushes up against a screen.
We are afraid of what our eyes have seen.
For something is amiss or out of place.
When mice with wings can wear a human face.

Mr. President, I believe it will benefit Americans to face this fear directly. I believe the wounds of the war will heal if more of us learn that the people of Cambodia, Vietnam, and Laos want and are deserving of our help and friendship.

I believe it is worth the effort because America needs to advance its foreign policy beyond the old thinking of the cold war and the fear of ever be-

coming entangled again in this region of the world. I believe there is no better place to begin than in Cambodia. I believe a great success is possible at the site of one of our greatest failures.

To be successful, we should begin with a declaration of friendship for the people themselves. They are fiercely independent and proud. They are hard working and extremely capable. They deserve a better government than they have gotten. They deserve a chance to rebuild their country and their lives.

Current U.S. policy is at or near a dead end, and I believe those who formulate and implement that policy realize it. There has been no lack of effort on our part. American aid helps sustain the non-Communists. U.S. diplomats have shuttled back and forth between New York, Paris, and Jakarta seeking a formula that will, at once, end a civil war, confirm Vietnam's military withdrawal, and prevent a return engagement of the killing fields. But it has not happened and the fighting and talking grind on with no end in sight. And who benefits from this stalemate? Certainly not the non-Communists backed by the United States.

The problem is that current policy is in conflict with itself. On the one hand, we state that the Khmer Rouge are anathema and must never be allowed to return to power in Cambodia. On the other, we seek a settlement that recognizes the Khmer Rouge as one of the legitimate contenders for power in a political process to form the next Government of Cambodia. We declare as an objective an end to the fighting, while acknowledging, at least privately, that the Khmer Rouge will continue to pursue a military path to power with or without a cease fire. We have maintained a one dimensional commitment to the non-Communist forces knowing there was no political consensus that would permit military aid to them and while acknowledging that they have no serious prospects for achieving a military victory. We have adopted a posture of non-recognition and minimal communication with Vietnam and chilly disapproval toward China while pursuing a policy that depends heavily on Vietnamese cooperation and which gives China an effective veto over a settlement.

Much has been made of the fact that United States policy directly or indirectly strengthens the Pol Pot-led Khmer Rouge. This is understandable since:

First, U.S. nonlethal aid to the non-Communist factions of the resistance is fungible with lethal aid being supplied by the Chinese to all three factions. In the mind of the Chinese, at least, there is a coordinated effort against the Hun Sen government.

Second, some cooperation in the field is an inevitable consequence of shared military objectives.

Third, by strengthening NCR military operations against Hun Sen, U.S. policy indirectly aids the Khmer Rouge against Hun Sen.

There are three broad alternative policies the United States could follow in Cambodia:

First, do nothing.

Second, continue supporting a resistance government in exile with materiel and political assistance; with the objective of keeping pressure on the Hun Sen government until a comphensive and internationally accepted peace agreement is put together.

Third, negotiate directly with the Hun Sen government demanding that it meet specific political and economic conditions in return for U.S. recognition and support.

My strong recommendation would be to follow the third course with the first as a fall back option. Specifically, I believe the United States should:

First, redefine our principal objective in Cambodia as preventing the Khmer Rouge from returning to power. The other major United States interest in Cambodia—the withdrawal of the Vietnamese occupying army—appears to have been largely achieved. What remains is a humanitarian goal; that is, to bar a repeat performance by the architects of the "Killing Fields."

To make complete the divorce of American policy from the Khmer Rouge, we should announce our intention to vote to vacate the United Nations seat currently held by the resistance Coalition Government of Democratic Kampuchea. The United States chose to support this coalition in the United Nations to give an international voice to the non-Communist forces led by Prince Sihanouk and Son Sann, who was Prime Minister of Cambodia from 1970 to 1975. However, this action has also given an international voice and legitimacy to a third member of the coalition, the Khmer Rouge.

No amount of explanation can undo the damage done by giving the perpetrators of the killing fields a bona fide platform from which they can speak to the world community. No amount of effort to separate ourselves in the battlefield will enable the United States to separate itself in the world of perceptions. The only way to undo this damage is to move to vacate the seat.

Second, work with France and other interested countries to encourage a coalition of the non-Communists together with Hun Sen to isolate the Khmer Rouge. Hun Sen has a dubious history as a Khmer Rouge commander and an instrument of Vietnamese policy. But, he is cleverly very capable and shows clear signs of having moved away from an ideological to a pragmatic approach as evidenced by the recent privatization of the economy. Most important, his government is in place, in Phnom Penh, and is fighting the Khmer Rouge. I believe he is someone we can deal with.

Our message to Hun Sen should be that we are prepared to help him obtain what he desperately needs: international recognition plus foreign aid and investment. The United States is the key to World Bank loans, Japanese bilateral assistance, and Western investment—and Hun Sen knows it. In return for U.S. support, Hun Sen must make every effort to induce the non-Communists to join his regime to form an interim government of national reconciliation. Non-Communist leaders must be offered positions of influence and responsibility. The rank and file in the non-Communist camps along the Thai border must be invited to return to Cambodia with offers of land, homes, and compensation for lost assets.

Most important of all, the Phnom Penh government must make an ironclad commitment with a firm timetable to bring genuine democracy to Cambodia—including nationwide elections as envisioned in the Australia-Solarz plan. The Australia-Solarz initiative is important because it provides a formula for moving beyond an interim coalition using an election administered by the United Nations to create a permanent government. By inviting the United Nations to administer the vote, the fear that the election would be stolen or fraudulent is minimized.

In one respect, the Australian plan needs to be given further thought. Rather than legitimate the Khmer Rouge by permitting it to participate in a Supreme National Council, I believe that individual Khmer Rouge soldiers should be allowed to participate in the elections if they have laid down their arms, accepted amnesty, and pledged to observe the rules of the democratic process. The authorities of the interim coalition government could make the determination whether individual Khmer Rouge did or did not qualify under these terms. The Khmer Rouge as an organization and the top Khmer Rouge leadership would be unacceptable.

As part of an agreement, Hun Sen must formally sever any security ties with Vietnam and affirm Cambodia's sovereign independence. He must also support the creation of some sort of International Control Commission to survey Cambodia for evidence of a Vietnamese military presence. Unless these steps are taken, it will be impossible for the Cambodian Government to defeat the Khmer Rouge. Any Vietnamese influence over the Cambodian Government adds fuel to the Khmer Rouge fire. It means that Vietnam must accept the real possibility of a

Cambodian Government which is openly critical of its larger and historically dominant neighbor.

Third, our message to the non-Communists should be that we want them to join Hun Sen in a government of reconciliation opposed to the Khmer Rouge. We will exert every influence to enhance their bargaining position in negotiations over such an arrangement. But, if they do not make a good faith effort to reach an agreement with Hun Sen, while Hun Sen does so, we are prepared as a last resort to shift our support to the Phnom Penh government.

The most difficult step will be persuading Prince Sihanouk to return to Phnom Penh—presumably as Head of State. Hun Sen desperately needs two things: First, domestic political legitimacy for a regime that was installed by Cambodia's historic enemy, Vietnam; and second, international recognition and assistance. Sihanouk can help provide both. His immense popularity could transform a regime of Vietnamese puppets into a true Khmer government. His international standing could help bring acceptance at the United Nations, diplomatic recognition, and a flow of critical multilateral and bilateral aid.

Sihanouk, on the other hand, surely wants to end his peripatetic existence as Prince in exile. The non-Communists need an escape from their dead end existence along the Thai border. Hun Sen can meet both needs.

Two tough interrelated issues remain to be addressed. What about the Khmer Rouge and China? The Khmer Rouge taint is widespread in Cambodian society and the Cambodians themselves must make the ultimate judgment concerning who can be reintegrated into society, and who cannot. Individual Khmer Rouge should be offered an amnesty if they bring in their weapons and agree to rejoin society. The Khmer Rouge as an organization would be required to disband. The senior Khmer Rouge leadership might be offered safe passage and exile into China. An interim Hun Sen-Sihanouk government might determine whether any individual Khmer Rouge cadres would be acceptable in some governmental role.

If the Khmer Rouge, as expected, reject an amnesty and continue their military effort, they must be dealt with as a counterinsurgency problem. In short, the new regime in Phnom Penh, with international support, must mount a multifaceted program of political, economic and military measures, designed to undercut and ultimately defeat the Khmer Rouge. There should be no illusions; even a successful effort will take years. It took three decades to totally defeat the Malayan Communist Party [MCP] insurgency. The Khmer Rouge may be a more formidable force than the MCP at its peak.

International, economic, diplomatic, and possibly even military support will be critical in enabling Phnom Penh to ultimately defeat the Khmer Rouge. However, I do not envision any U.S. military involvement and only very modest American economic assistance.

China must be required to make a hard choice between the Khmer Rouge, on the one hand, and the international community on the other. So far, China has escaped such a choice because its client, the Khmer Rouge, has been linked with the non-Communists in the CGDK coalition. The message to China should be: We are going to help Cambodians craft a new coalition government that excludes the Khmer Rouge. You are urged to support that effort and sever your ties with Pol Pot. If the International Control Commission determines that the Vietnamese have withdrawn from Cambodia, China can join with the United States and ASEAN in declaring victory in the long effort to force the Vietnamese out. Whether or not China cooperates, however, an International Control Commission is an important step in ending the Hun Sen government's military dependence on Vietnam.

If China insists on continuing diplomatic and military support for the Khmer Rouge, it will find itself increasingly isolated and on the diplomatic defensive.

Mr. President, what I have suggested is not a magic bullet. There are no guarantees of success. But I believe this represents the most promising approach to a very difficult problem.

Finally, a word about Vietnam. Current United States policy concerning the initiation of the normalizing process with Vietnam begins with Cambodia. The policy has two triggers, both of which must be pulled by Vietnam before the process begins. The first is verification of the withdrawal of Vietnamese Armed Forces and Vietnam's assistance in concluding a comprehensive peace settlement for Cambodia. The first will not be possible until the second occurs, and the second will not occur unless we want it to happen.

The pace and scope of normalization with both Cambodia and Vietnam will also depend upon their efforts to settle the issue of American POW's and MIA's. But it is important that these be decoupled from the initiation of the process of normalized relations. Otherwise, the sword of our policy will become the instrument of that policy's death.

I want to emphasize I believe in an increased United States presence is urgently needed in both Cambodia and Vietnam. We must make it clear to all parties that we are ready to get started. Not only will this enable us to help the people of both countries, but it will help us develop the details of our policy and a better understanding of what is truly going on in the region.

In conclusion, I believe our goal should be normal trade and diplomatic relations between the United States and Vietnam. To arrive at this highly desirable objective, the governments of all three countries will have to change their policies.

It is obvious to me that Cambodia, Vietnam, China, and the Soviet Union will have to make the greatest adjustments. However, the United States is going to have to change, too. Paradoxically, the fact that we make foreign policy decisions through a complex democratic process may make it more difficult for us to change. Yet, because the United States may be the only Government of the five to sincerely care about the freedom and well-being of the people of Indochina, it may be most important that we do so.

INDIVIDUAL SURETIES ON GOVERNMENT CONSTRUCTION CONTRACTS NEED TO BE BETTER REGULATED

Mr. HATCH. Mr. President, on May 29, 1990, I held a fact-finding meeting in the Senate to examine claims by a class of 23 subcontractors on a NASA project. The claims involved the failure of the method by which individual sureties back the bonds that contractors offer to ensure on Government construction projects.

NASA PROJECT POINTED TO ABUSES

I organized the meeting after reading numerous articles in the Wall Street Journal over the past 18 months by John R. Emshwiller. Through his intensive research, Mr. Emshwiller uncovered some startling facts. His stories registered more concretely with me when I learned that some of my own Utah constituents—among them the Mark Steel Corp., Fire Engineering Corp., and West Fab Construction Co.—had lost more than $750,000 due to fraudulent surety practices by unscrupulous individuals. These same companies succeeded in getting judgments in Federal court against the sureties, but still were unable to obtain satisfaction because the sureties were without sufficient assets or had simply vanished.

Mr. Emshwiller's writings encouraged a number of congressional hearings, including one by former Senator Lawton Chiles in 1987, which led to revisions of the regulations by which contracting agencies of the Federal Government review the credit worthiness of individual sureties.

Unfortunately, however the subcontractors involved in my meeting were among a class of claimants who suffered significantly before the regulations had been revised. Fortunately, they were ably represented by their

attorneys whose timely intervention and decision to bring this matter to the attention of Congress will make the difference between success and failure in this effort.

The specific case I refer to involved NASA's Ames Research Center Integrated Test Flight Facility at Edwards AFB, CA. In October 1987, the Continental Construction Co. was awarded a NASA contract in the amount of $16 million to build the flight facility. NASA terminated CCC's contract for default on March 2, 1989. When the sureties could neither perform the contract nor pay the subcontractors for the work provided to CCC, the subcontractors sought protection under the Miller Act. As mentioned, the Miller Act relief failed because the sureties were basically valueless.

NASA has an obligation under the Federal Acquisition Regulations [FAR] to "determine the acceptability of individuals proposed as sureties." This NASA did, in my judgment, to the extent that their regulations demanded. But it was not enough, as evidenced by the decision of the Office of Federal Procurement Policy, to make far-reaching changes which, in today's environment, probably would have avoided the losses for CCC subcontractors.

NEED TO ENSURE THAT SMALL BUSINESSES STILL HAVE ACCESS

Mr. President, there is a hidden problem in going too far in excluding individual sureties on Government contracts. Often individual, rather than corporate sureties are the only forms of guarantees that small and especially minority businesses can obtain. GAO reported in October 1989 that nearly a third of such businesses use individual sureties, while virtually no large corporations use them.

But we need to balance the need for individual sureties with the corresponding obligation that we have to protect the taxpayers' investments in real property developments, along with protection of bonded contractors. Clearly, minority and other small businesses can just as easily fall prey to unscrupulous bond guarantors.

I am pleased therefore that Representative CORDISS COLLINS, chairwoman of the House Subcommittee on Government Activities and Transportation, held a hearing on June 5, 1990, to deal precisely with this issue.

My interest, as a member of the Judiciary Committee and as ranking minority member of the Labor and Human Resources Committee is to ensure that the Federal Tort Claims Act procedures are properly followed, that Congress fully discharges its obligations under article 1, section 8 of the Constitution, and that all qualified sectors of our work force and business community are fully able to participate in the competitive process.

I hope that Representative COLLINS finds a formula that allows for minority and small business guarantees and for better policing of the individual surety industry which, according to the GAO, does $800 million of business annually.

INTEND TO EXPLORE PRIVATE SECTOR RELIEF MEASURES FOR THE NASA SUBCONTRACTOR GROUP

Mr. President, I am submitting as appendices to this statement complete copies of the testimonies of the six companies represented at my meeting. These statements amply document the abuses that these companies suffered.

In the meantime, I am formulating several variations of private relief measures that can be put in place to help this group. I believe that they have fully exhausted their legal remedies, that a government obligation to them exists because of the deficiency of the surety approval procedures, and that there is sufficient support for reasonable assistance in both the House and the Senate. I further believe that the claimants have met the requirements of rule XXII of the House which establishes as a precondition to the introduction of a private bill the full pursuit of remedies under the Federal Tort Claims Act through the courts.

I want to thank the offices in the House and the Senate who participated in the meeting.

The following is a list of claimants provided for the RECORD:

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Allied Equipment, Hayward, CA	$4,000.00
Amfax Supply, CA	72,000.00
A.V. Ready Mix, Lancaster, CA	17,512.27
Biggie Crane, San Leandro, CA	45,560.00
Bill Williams Drywall, Lancaster, CA	151,000.00
Boots & Coots, Redondo Beach, CA	52,000.00
Camilo Ramirez Masonry, Bakersfield, CA	105,000.00
Door Engineering, Kasota, MN	58,350.00
Dynathane Inc., Fresno, CA	130,000.00
Emco Enterprises, Inc., Sacramento, CA	76,671.95
Fire Engineering, Murray, UT	234,432.00
Inland Elevator, Upland, CA	16,000.00
Insulated Building Products, Houston, TX	250,611.93
Interspace, San Diego, CA	2,000.00
Interstate Sheet Metal, Vancouver, WA	88,614.25
I.S.I., Nampa, ID	22,000.00
J.W. Thompson Co., St. Louis, MO	69,800.00
Mark Steel Corp., Salt Lake City, UT	516,996.00
Petterson Associates, Inc., Boise, ID	470,090.15
ReSteel, Hesperia, CA	60,311.14
Security Metal Products, Hawthorne, CA	33,628.00
Tehachapi Lumber, Bakersfield, CA	22,850.00
West Fab, St. George, UT	18,000.00

Mr. HATCH. Finally, the statements of the attendance of the May 29, 1990, meeting are submitted, along with a separate statement by Kristin S. Hackler, attorney for Biggie Crane & Rigging Co. of California.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

INSULATED BUILDING PRODUCTS, INC.,
Houston, TX.

STATEMENT REGARDING HISTORY OF CONTRACT WITH CONTINENTAL CONSTRUCTION CORPORATION FOR NASA ITF AT EDWARDS AFB

1. In the early spring of 1988 we commenced negotiations with Continental Construction Corporation (CCC) regarding the insulated siding.

A standard credit check was conducted but credit amounts were lower than our proposed contract, causing us to desire further data.

We requested and received information from CCC regarding formal project specifics including the bonding company.

2. We confirmed that bonds did exist on the project with Mr. George Salas of NASA and Mr. Ted West's office of United Funding & Investor, of Jacksonville, Florida.

3. The above bonding information coupled with our understanding of Miller Act protection prompted us to accept a purchase order for insulated siding from CCC on May 9, 1988 in the amount of $282,828.00.

4. In the late summer and early fall, we delivered sixteen trucks of insulated siding plus accessories and invoiced CCC for a revised amount of $290,611.93.

5. CCC issued a payment schedule, but failed to issue any funds.

6. After failing to receive satisfactory information from the bonding company, we began legal maneuvers.

7. In late January 1989, we received $40,000 from a joint cheque agreement with another creditor (essentially by mistake), revising the amount due to $250,611.93.

8. On March 14, 1989, we filed a Miller Act complaint against Continental Construction Corporation and U.F.&I. Inc. in U.S. District Court, which was later amended against CCC, Erwin Pardue and Wilford Frank Montgomery (the latter two being the bond's personal surities).

9. On December 7, 1989, Insulated Building Products, Inc., received a default judgment against CCC, Erwin Pardue, and Wilford Frank Montgomery. No assets appear to be available for compensation, nor can the parties be found.

10. NASA claims it has paid for the material and therefore is the rightful owner. To date, we are still owed $250,611.93 (not including legal fees).

Presented by,

BRYAN C. JENTSCH,
Vice President.

MARK STEEL CORP.,
May 30, 1990.

As a representative of Mark Steel and speaking for the additional 17 other creditors not here today, we wish to extend to you our appreciation for the opportunity of being here.

There are many questions about the project at Edwards Air Force Base, called the Integrated Test Facility, which we feel have gone unanswered.

Looking back, I recall some of the major events or milestones of our association with Continental Construction. Their request for us to quote the fabricated steel created some concern internally at Mark Steel as to Continental Construction's ability to handle a job of this magnitude. We evaluated the requirements related to the delivery, type of work and who the end user was, and made the decision to quote them.

Subsequent to submitting our quotation to Continental, Mark Steel was requested to attend a meeting at their Las Vegas Office. In attendance at this meeting were the principals of Continental Construction, NASA Personnel, and from Mark Steel—A. Mark Markosian, President and Ron Wood, Sales-Marketing.

The discussions were centered around Mark Steel's qualifications to fabricate the structural steel for the project and provide evidence of the Company's financial stability.

Mark Steel presented information and photographs on recent projects which met or exceeded this one in size and complexity. As to Mark Steel's financial stability, Mr. Markosian stated that if the project required a bond, one could be readily furnished and that Mark Steel has a bonding capacity of 20 million dollars.

We also understood that inquiries were being made within the circles of Government as to Mark Steel's ability and reputation. Assuming that all sub-contractors and Continental were also subjected to an intense review and that highly visible NASA was the owner of the project and that Continental was required to bond the project, Mark Steel accepted Continental's purchase order for 1.7 million dollars and signed on October 13, 1987.

Mark Steel's commitment to complete the fabrication by March 31, 1988, required two very important things to happen; the detailing with a short approval cycle, and the placement of steel orders. Mill rollings were tight and to meet the delivery we were forced to place the entire order immediately. Normally, we would place the order to spread receipts of the 1,800 tons steel to meet fabrication demands over a several month schedule so as to lessen cash demands.

Mill rolling schedules available did not blend to the requirements necessary to complete the project without placing a total order of $800,000.00. Our commitment was sincere and the order was placed. To recover from the large cash outlay, the detailing became even more important because payment wouldn't be made until the fabricated steel was received at the jobsite.

The approval cycle of detailed drawings discussed was not being adhered to and thus began an intolerable situation. Shop personnel was available, steel was in stock but we suffered an insufficiently quantity of construction drawings. The drawings trickled in and work was completed and shipped.

In April, 1988 we requested a meeting at the jobsite to explain our dilemma of slow drawing approvals, payment of the steel invoices submitted, and some other minor items. Mark Steel was being severely impacted financially because of this project. My purpose was to convey this to NASA and Continental Construction.

I requested a meeting with Mr. David Miller, the Procurement Branch Chief, and discussed the situation with him. We expressed concern about the lack of drawings being returned and the delayed payment for steel delivered. Both items needed to be resolved or a work stoppage would occur. He explained that we were protected under the Miller Act and requested the work to continue. We were committed now. Steel in stock, no drawings to keep our workforce busy, and now late payments.

I made repeated trips to Edwards to collect monies for overdue invoices and the main concern at Mark Steel was what would happen at the conclusion of the job.

In October, 1988 we informed Continental Construction we would not ship the final loads of fabricated steel until payment had been received. The reason we were taking this stand was that we had asked the contracting officer who the bonding company was and were informed it was UF&I. This later was confirmed to be false and that personnel sureties were used by Continental Construction.

Continental Construction told us that if we didn't deliver the remaining steel that NASA had informed them to buy it from whomever they could and deduct it from our invoices. The delay of receiving the material was impacting the project. The steel was delivered under protest given to Mr. George Sales of NASA. As a matter of record, the steel that was holding up the job wasn't unloaded for days because Continental Construction's crane had been removed for lack of payment.

Mark Steel has spent many dollars in its attempt to put a program together with the other creditors to help NASA complete the Integrated Test Facility but to no avail.

We have not exhausted the last avenues through the courts. We filed a Miller Act suit and received a default judgment in the amount of $582,707.93 against Continental and the sureties. They are judgment proof. The sureties used by Continental Construction and accepted by NASA are grossly incapable of providing the financial responsibility for which they were paid.

There are many questions that seem to be unanswered in the Procurement Program used by NASA, such as retainage being paid without the completion of the work.

The Wall Street Journal has published articles referring to the inadequacies of the private sureties used. I find it hard to understand that such situations exist, when in the private sector to have a bond issued required proof of financial ability to perform, not merely a signature of a bank employee.

Your courtesy and attendance today is very much appreciated.

Thank you.

JAMES GINGRAS,
Executive Vice President.

PETERSON ASSOCIATES, INC.,
Boise, ID., May 24, 1990.

To Whom It May Concern:

Project: NASA Ames Research Center.

Subject: History behind Continental Construction relationship with Peterson Associates, Inc.

DEAR SIR OR MADAM: On April 18, 1988 we were given a verbal commitment to proceed with our portion of the work on the above mentioned project. A confirming purchase order was received on May 15, 1988. Our total contract amount of $679,484.00 was to provide Heating and Ventilating equipment per plans & specifications. Because of the high volume of dollars involved for us, I was extremely careful to make sure of Continental's bonding and their position with NASA.

On May 3, 1988 I faxed to Steve Ayers of Continental Construction credit forms, which included Lien and Bond information. I received the paperwork back from Steve Ayers on May 10, 1988. This gave me details on their bonding company, United Funding & Investors (Bond Number 5086) with the principle contact being a Mr. George Schamberger. Having received this information, I had a friend who is in the bonding business check out UF&I. He discovered that they were not even listed in the manual that rates bonding companies. Knowing this, I made contact with George Salas at NASA to inquire about the bonding company. I was told at that time that the bonding company had met all of the government's requirements for bonding agents and they were approved on this project. Having full faith in the government's ability to select companies with the proper backing, I proceeded with the order.

Everything went fairly smooth during the initial part of the project. Items were approved, shipped, and paid for within a 30 day period. I watched this very closely because of my concern about Continental and their ability to pay. Then the larger items started shipping and payments started to slip. I began calling Steve Ayers about payment. During that time I also spoke frequently with his mother Beverly Jenson. Promises were made by Steve and Beverly but payment never materialized. Therefore, on approximately December 1, 1988 I called George Salas of NASA and indicated to him that payment was not being made. I was told that Continental Construction had already been paid and that I would have to contact them for payment. On December 28, 1988 I had my attorney send a letter to UF&I attention George Schamberger indicating the amount due and payable of $264,477.15 plus interest. We received nothing back from them until further demands were made over the next few months. When it was evident that this was not working we filed against the Miller Act. We also filed against Continental Construction, Erwin Pardue and Wilford Frank Montgomery. We were able to obtain judgments against these individuals but, found it nearly impossible to serve papers. It seems each of them had made themselves extremely hard to locate.

I find it very difficult to understand how the officials at NASA can wash their hands of this issue. It was their major responsibility to make sure the contractor and bonding company were financially responsible. Small companies such as mine cannot take substantial money losses like this and stay in business.

I would also like to add that two of my major manufacturers are still owed substantial amounts of money: Mammoth—$155,900.00 + Tax & Interest; Data Aire—$49,713.00 + Tax & Interest.

Thank you,

LEE LONGSON,
Peterson Associates, Inc.

J.W. THOMPSON CO.,
St. Louis, MO.

Continental Construction #C110-21 NASA Integrated Test Facility, Summary of Events Up To May 23, 1990

The J.W. Thompson Company received P.O. #3013 from Marcum, Inc., Mechanical Contractors on November 16, 1987 for a quantity of (1) Airtrol model CBU812 air handling unit to be built in accordance with section 15880. Before accepting the purchase order for the subject equipment we reviewed the specifications and determined

that the successful general contractor was required to supply a bond. Marcum, Inc. developed financial difficulties and on May 5, 1988 we received purchase order #3110-21 from Continental Construction to complete the work for this air handling unit. The contract J.W. Thompson Co. entered into with Continental Construction was for $69,800.

During the middle of October 1988, we were pressured by Mr. Steve Ayers with Continental Construction to ship the air handling unit. At that time we asked NASA if Continental Construction had met their bonding requirements. We were informed that all requirements had been satisfied. We subsequently shipped the unit on October 31, 1988. In January 1989 we received from Continental Construction a letter requesting a lien release agreement for which we then responded with a letter on January 31, 1989 stating that we would not release the lien. On February 6, 1989 we received a letter from Beverly Jenson stating that we would receive payment by the end of February which was never received. On March 10, 1989 we contacted U.S. Equities which is Mr. Erwin Pardue's holding company. Again this met with no success so then we proceeded with litigation against the sureties and Continental Construction.

Mr. George Salas, the Contracting Officer for NASA on the project, was never any help in attempting to resolve the issue of payment. When asked who the other outstanding creditors were, he informed us that this information was proprietary to the Government and was not available.

Airtrol has informed our Company, NASA, Burns and McDonnell, and Cates Construction that Airtrol will not be responsible for the operation of the unit or subsequent damage to the aircraft electronics, nor will they be responsible for assisting in the proper completion of installation of equipment until they receive payment. They have also informed the above parties that the submittal information, drawings, and diagrams are incorrect and/or incomplete.

Since we had not received payment on our $69,800 contract, J.W. Thompson Co. began legal action in January 1989 with the firm Watson, Ess, Marshall and Enggas of Kansas City. On April 24, 1989 J.W. Thompson Co. also retained the firm Thompson & Mitchell of St. Louis. Thompson and Mitchell retained local counsel who filed a Miller Act complaint against Continental Construction and its individual sureties, Pardue and Montgomery, in U.S. District Court in California.

Continental Construction no longer exists, and Montgomery cannot be found. I have made every effort to locate and trace the assets Mr. Pardue and Mr. Montgomery listed on their financial statements, to no avail. The owner of the hotels and apartment complex Pardue listed have never heard of Mr. Pardue. One of the properties has since been sold at a foreclosure sale.

J.W. Thompson joined with other subcontractors in April 1990 to pursue any further hope of collecting the money owed to us. We hope this meeting will be of help. Thank you.

Sincerely,

J.W. THOMPSON.

[From Interstate Sheet Metal, Vancouver, WA.]

STATEMENT TO HEARING

First off this morning, I would like to thank all present for taking the time out of all your busy schedules to attend this hearing in the hopes of resolving the differences regarding how to dispose of our claims of non-payments.

Interstate Sheet Metal is a small business enterprise that specializes in Metal Roofing and Siding contracts or subcontracts on Public Works projects, mostly Federal. We have been in this business for many years employing up to forty Washington and Oregon employees. We were very aware of the risks in subcontracting on Federal projects, but had always been insured that we were protected by Miller Act Bonds.

As a usual precaution, when Continental Construction desired us to enter a subcontract on the ITF facility, we ran a credit check on them and investigated how well they were paying their bills. It was discovered that their problems with sucontractors not getting paid, and that the son and project manager, Steve Ayres, was under indictment from work on other projects even prior to starting on this contract.

At this point we did our usual next step, which was to contact the owners representative. This turned out to be George Sallis, the contracting officer for the project. Mr. Sallis informed me at that point and on many future occasions that there was a "good bond" and that all the rest of the problems were talk based on "rumors". He said the dispute with paying the steel had something to do with compliance with specifications.

Based on this, we decided that no matter what occurred, we would be protected by the bond in event of default or nonpayment.

Twice while on the site and being in a position of not receiving progress payments, Mr. Sallis told us not to worry that he would ensure we would get paid and even at one point told us that Continental was not going to get any more NASA funds, but to continue working and we would get paid.

After working three months and receiving no money at all, we pulled off the site against NASA's wishes. Mr. Sallis never did anything as best I can tell, to get us one penny. The sureties if you can call them that played stall games on taking over the project for awhile, and tried to get us to return to work, but we demanded our payments first.

Mr. Maier and I attemped to work out a sole-source contract to install the balance of the siding for the protection of the siding and the building, and we were within a week of returning to the site to perform when someone at AMES vetoed the idea and elected to leave the panels laying on their side in the mud directly against the manufacturers instructions and common practice. I was told that NASA could not issue a sole-source contract even out of the maintennce account. Mr. Maier's hands were tied by above even though he wanted to help and told me he felt very sorry for our predicament and not getting paid. Our entire billing was in the final month that Continental was defaulted in and never received payment for. NASA has never paid us through Continental for our work performed.

When we did not get paid for our billings, it destroyed our small cash flow remaining and gave us a very poor financial statement. This created a snowball effect, denying us bonding, we lost two large contracts, and had a year of extreme struggle and hardship. We only survived by having a good reputation, and getting a few subcontracts by general contractors not demanding bonding. We relied on bank credit costing us a large sum of interest to continue in business.

Besides interest, and other expenses, we are owed $127,987.44 in unpaid billings to NASA on the ITF facility. The "Bond" turned out to be two individual sureties with no real assets securing the job. They didn't perform, pay us or even stay contactible, possibly leaving the country. The assets were fraudulent blatantly, and were no "Miller Act Funds" to go after. Our council in California informed us that being that other subcontractors had perfected their Miller Act bonds, and gotten a judgement without receiving funds that there was no reason to spend thousands trying to get blood out of a turnip, and to seek relief through measures.

Our company relied on NASA and the Federal government to protect us and pay us for our work as promised. We have been patiently waiting and talking for over a year. Now its time for action, and solutions. This doesn't mean more endless dialogue, it means paying us what is due and putting this matter into the past.

EMCO ENTERPRISES, INC.,

Re: NASA Integrated Test Facility.

Sacramento, CA, May 30, 1990.

To Whom It May Concern:

Our involvement with the NASA-ITF project has been a two year travail. Our experience has included harassment and intimidation by the general contractor and outright theft of material.

Our initial contract in the amount of $125,000 dated January 1988, called for the design and fabrication of the exterior wall cladding system in concert with Insulated Building Products of Houston, Texas. Through the summer of 1988 Continental Construction exerted tremendous pressure on us, including visits by Continental personnel to our offices in Sacramento in order to expedite delivery of material in advance of the proscribed schedule. Initial shipments commenced in September 1988, though we were reticent to expedite the balance of material as we wished to assure ourselves that payment would be made on a timely basis prior to increasing our exposure. In response to a phone call from the NASA Project Engineer in late September 1988, requesting status on the fabricated material, we related that "Credit Problems" dictated our posture as to future deliveries—he expressed no surprise as to our rationale.

After receiving promises of payment, but failing to receive funds, we advised Continental in December 1988, that in accordance with our rights under the Uniform Commercial Code, we would withhold the balance of shipments until such time as Continental could prove solvency. Wishing to secure the balance of material, Continental approached us in January 1989—we negotiated a COD arrangement, to be paid in the form of Banker's Cashiers Check, in the amount of $80,000. Upon delivery by common carrier of the material in question, Continental personnel—the President, and her son the Project Manager—through an elaborate smokescreen, were able to unload the truckload of material without providing the required payment to the truck driver. Attempts to involve the Base Military Police were futile as they claimed this was simply a civil matter, beyond their jurisdiction.

With the default of Continental, we were forced to pursue our remedies under the Miller Act. In February 1990, we obtained default judgments against Continental, and the two sureties, in the amount of $76,671.95.

Since the default of Continental, we have combined efforts with others in an attempt to pursue constructive efforts to assist NASA in completion of the project—failing a positive response from the Agency, we now seek redress through other means.

Sincerely,

DAVID STONE,
Vice President.

DECLARATION OF KRISTIN S. HACKLER

I, Kristin S. Hackler, declare as follows:

1. I am an attorney duly licensed to practice law in the State of California and in the United States District Courts in the State of California.

2. One of my clients is a construction firm by the name of Bigge Crane & Rigging Company, Inc., who was a subcontractor on a federal construction project at Edwards Air Force Base for NASA. My client supplied heavy-lift truck and stationary cranes to the general contractor on the project, Continental Construction Company.

3. My client supplied the equipment and labor until late September 1988, when the equipment was pulled off the job for nonpayment of invoices due, which totaled approximately $50,000.00, and the disappearance of the jib off one of its cranes. The general contractor refused to disclose what had happened to the jib or where it was, and refused to pay on the invoices for equpment rental and work performed. My client, who had attempted to resolve the problem both with Continental and with the contract administrator (as indicated on the attached copy of a letter from Mr. Salas to my client) asked me to collect on the invoices.

4. I telephoned the contract administrator, one George Salas, at Edwards Air Force base, to seek assistance in obtaining payment from the general contractor, Continental, to request information regarding problems with the general contractor, to obtain the number of the payment bond filed for the job and to obtain the name of the surety itself.

5. Mr. Salas was most uncooperative, told me contractors always paid slowly and that there was nothing wrong with the project or the general contractor, refused to give me the name of the surety but gave me the number of the contract for the job. At no time did Mr. Salas indicate to me that there were individuals acting as sureties on the payment bond.

6. I was able to track down a name that was alleged to be the surety on the job, one United Funding & Investors. I subsequently learned that the alleged surety was merely a broker for the two individual sureties, even though in my contact with United Funding & Investors, they stated they would review the claim of my client for payment on the "bond."

7. I sent a formal demand for payment both to Continental and to Mr. Salas in mid-September 1988. There was no response from either one.

8. Having no response to my claim from United Funding & Investors, I wrote Mr. Salas again (a copy of that letter is attached hereto as Exhibit B), requesting his assistance and copies of the bond affidavits from the two individual sureties. Mr. Salas refused to respond to me either by letter or telephone. In the meantime, I was in contact with the United States Attorney's office, NASA's internal security, and other entities very interested in Continental's principals. I tracked down a grand jury indictment regarding one of Continental's principals for violations of the Davis-Bacon Labor Act and for turning in falsified invoices in prior government construction projects.

9. At no time did Mr. Salas cooperate, respond, or provide requested information to me. Eventually I obtained copies of the individual sureties' affidavits from another subcontractor who had had to get them through the Freedom of Information Act.

10. Eventually, I sued the general contractor, the broker and the individual sureties pursuant to my client's rights under the Miller Act. The general contractor and the individual sureties disappeared from the country; the individual sureties' assets pledged for the payment bond were non-existent; and my client as well as many other subcontractors lost a great amount of money.

The foregoing facts are true of my own personal knowledge; if called upon as a witness, I would be competent to testify thereto. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

KRISTIN S. HACKLER.

Dated: May 21, 1990.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION, AMES RESEARCH CENTER, DRYDEN FLIGHT RESEARCH FACILITY,
Edwards, CA, July 31, 1989.

Re contract NAS2-12683, Integrated Test Facility.

BIGGE CRANE & RIGGING CO.,
San Leandro, CA.

GENTLEMEN: This will acknowledge receipt of your letter dated July 24, 1989 concerning payment of work performed, by Bigge Crane & Rigging Co., on the Integrated Test Facility under NASA contract NAS2-12683. Be advised that this contract was awarded to Continental Construction Corporation for whom you perform work as a subcontractor.

Because the Government has not awarded a contract to your firm for the work cited in your letter there are no provisions for the Government to make payment as you request. Your recourse is to the payment bond.

Sincerely,

GEORGE R. SALAS,
Contracting Officer.

PIERUCCI & TONSING,
ATTORNEYS AT LAW,
Oakland, CA, October 19, 1988.

Re NAS2-12683 Contract.

GEORGE SALAS,
NASA Ames Research Center, Dryden Flight Research Facility, Edwards, CA.

DEAR MR. SALAS: I was able to contact a person in United Funding and Investors. In researching the "bond" on the above contract and have forwarded a claim to them. However, I have also learned from the National Association of Sureties that UFI is not a regular bonding company but rather a middleman which obtains personal guarantees from individuals. It is my understanding that two federal form #28s should have been filed with you to show the two individuals who gave their guarantees.

I am requesting, therefore, that you send me copies of the front and back of these two form 28s. I am also requesting a copy of the above listed contract.

On behalf of my client, Bigge Crane & Rigging, I request that you assist us, to the limits of your authority, in obtaining payment from Continental and the return of a major piece of equipment, a jib from the main crane.

Sincerely,

PIERUCCI & TONSING.
KRISTIN S. HACKLER.

MARK STEEL CORP.,
Salt Lake City, UT, May 30, 1990.

As a representative of Mark Steel and speaking for the additional 17 other creditors not here today, we wish to extend to you our appreciation for the opportunity of being here.

There are many questions about the project at Edward Air Force Base, called the Integrated Test Facility, which we feel have gone unanswered.

Looking back, I recall some of the major events or milestones of our association with Continental Construction. Their request for us to quote the fabricated steel created some concern internally at Mark Steel as to Continental Construction's ability to handle a job of this magnitude. We evaluated the requirements relating to the delivery, type of work and who the end user was, and made the decision to quote them.

Subsequent to submitting our quotation to Continental, Mark Steel was requested to attend a meeting at their Las Vegas Office. In attendance at this meeting were the principals of Continental Construction, NASA Personnel, and from Mark Steel—A. Mark Markosian, President and Ron Wood, Sales-Marketing.

The discussions were centered around Mark Steel's qualifications to fabricate the structural steel for the project and provide evidence of the Company's financial stability.

Mark Steel presented information and photographs on recent projects which met or exceeded this one in size and complexity. As to Mark Steel's financial stability, Mr. Markosian stated that if the project required a bond, one could be readily furnished and that Mark Steel has a bonding capacity of 20 million dollars.

We also understood that inquiries were being made within the circles of Government as to Mark Steel's ability and reputation. Assuming that all sub-contractors and Continental were also subjected to an intense review and that highly visible NASA was the owner of the project and that Continental was required to bond the project, Mark Steel accepted Continental's purchase order for 1.7 million dollars and signed on October 13, 1987.

Mark Steel's commitment to complete the fabrication by March 31, 1988, required two very important things to happen; the detailing with a short approval cycle, and the placement of steel orders. Mill rollings were tight and to meet the delivery we were forced to place the entire order immediately. Normally, we would place the order to spread receipts of the 1,800 tons steel to meet fabrication demands over a several month schedule so as to lessen cash demands.

BICENTENNIAL REFLECTION

Mr. PELL. Mr. President, on May 29, the State of Rhode Island observed the 200th anniversary of its ratification of the Constitution of the United States, marking also its entry into statehood.

The occasion was marked by a full day of colorful events throughout the

State including a reenactment of the debate over ratification of the Constitution at the Colony House in Newport where the ratifying convention was assembled in May 1790, and concluding with a statehood dinner at Rosecliff on Bellevue Avenue in Newport, RI.

Although the Constitution is today hailed throughout the world as one of the great, creative acts of government, there were spirited debates over the provisions of the proposal in a number of the former British colonies before, one by one, they agreed to ratify the Constitution and join the new nation. Nowhere, however, was opposition to the Constitution more spirited, and ratification longer delayed than in Rhode Island.

At the statehood dinner, Dr. Patrick Conley, chairman of the Rhode Island Bicentennial Foundation, delivered a "Bicentennial Reflection" recalling Rhode Island's refusal to participate in the drafting of the Constitution, its strong resistance to ratification, and the critical view taken of Rhode Island by residents of the other new States. Dr. Conley's address, entitled "Were We Really Rogues' Island?" was both entertaining and a vivid reminder of the independent spirit that dominated among Rhode Islanders 200 years ago. I ask unanimous consent that the text of his address be printed in the RECORD for the benefit of my colleagues and in observance of the Rhode Island bicentennial.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

WERE WE REALLY ROGUES' ISLAND? A BICENTENNIAL REFLECTION

(By Patrick T. Conley)

May 29, 1990, will be the two hundredth anniversary of Rhode Island's entrance into the present American Union. It will be the bicentennial of our ratification of the federal Constitution. Can Rhode Island commemorate this momentous event with head held high; or is our boycott of the federal convention and our position as the last of the original thirteen to ratify still cause for embarrassment?

Let us look at the historical record. As I have shown in my booklet First in War, Last in Peace: Rhode Island and the Constitution, 1786-1790, the Rhode Island Assembly defeated three attempts by its minority members to send delegates to the Philadelphia Convention, thus making us the only absent state. Then Rhode Island defied the instructions of the Founding Fathers by holding a popular referendum on the Constitution. Adding insult to injury, we voted down that now-hallowed document in March 1788 by a margin of more than 11 to 1. During the ratification period our legislature rejected at least eleven attempts by the Constitution's supporters (called Federalists) to convene a ratifying convention, and when we did finally assemble such a body in March 1790, the new nation had been in operation for nearly a year without us. That convention, held in South Kingstown, proposed thirty-six amendments to the Constitution (to this day all the states have managed only twenty-six alterations), and then the defiant conclave adjourned.

In May 1790, bowing to federal political, military, and economic pressure upon our tiny independent maritime republic, the recalcitrant convention reconvened in Newport and grudgingly approved the nation's new basic law, 34 votes to 32—the narrowest margin of any state. It did so with Providence threatening to secede from Rhode Island if ratification were further delayed.

Small wonder that the Constitution's supporters denounced us. To them we were Rogues' Island, home of the dishonest debtor (a reference to our paper-money issue of 1786). We were also the "Quintessence of Villainy" and an example of "democracy run rampant." For the federalists, the state symbolized the danger to order posed by popularly controlled state legislatures. From the outset, when the Massachusetts Centinel described Rhode Island's absence from the Grand Convention as a "joyous rather than a grievous circumstance," to the end of the ratification struggle, when some proposed the state's dismemberment and absorption by the surrounding states, Rhode Island endured repeated insult. Even the temperate James Madison found us exasperating. "Nothing can exceed the wickedness and folly which continue to rule there," he exclaimed. "All sense of character as well as of right have been obliterated." President George Washington agreed, and he snubbed the state when he made his triumphal tour of the Union in 1789.

The most eloquent censure of all came from neighboring Connecticut in the form of a poem called the "Anarchiad, 1786-1787," penned by a group of literati who styled themselves the Connecticut Wits. Striking a derisive note in its opening lines—"Hail! realm of rogues, renown'd for fraud and guile, / All hail; ye knav'vries of yon little isle"—this long satire ended with an admonition; "The wiser race, the snares of law to shun, / Like Lot from Sodom, from Rhode Island run." In those days political critics played hardball!

Was this litany of shame deserved? Were the Federalists correct in their assessment of our microparadise? The anser to these questions, I would argue, is no. Although Rhode Island was physically absent from Philadelphia for the drafting of what the English prime minister William Gladstone once called "the most remarkable work known to me in modern times to have been produced by the human intellect . . . in its application to political affairs," and although we were notorious in our reluctance to ratify the much-praised Constitution, our state's contribution to the nation's basic law was far from negligible, and our opposition to it was, in some respects, both prophetic and defensible.

The verdict of history often favors the winners. Lost to all but historians is the fact that the Constitution in its infancy met staunch opposition from a group called the Antifederalists. These critics were actually more numerous in 1787-88 than the Constitution's Federalist supporters. In Rhode Island, the Antifederalists were the strongest of all. The Constitution is not a perfect document today; and it was much less perfect when it emerged from the Philadelphia Convention in 1787. Antifederalists accentuated the negative.

Rhode Island, a bastion of Antifederalism, took several key positions on the proposed basic law which were meritorious (or at least justifiable), even when considered in retrospect. First, Rhode Island perceived that the new central government would be much more powerful than the one that then existed under our first national constitution, the Articles of Confederation. As a small state with a long tradition of autonomy and self-government, we feared a loss of our state's rights under the new regime. Prior to the Revolution, Rhode Island pamphleteers such as Stephen Hopkins and Silas Downer had helped to develop a theory of federalism in opposition to the attempt by the mother country to centralize power in Parliament and London. They argued that sovereignty was dual and divisible (not unitary and consolidated, as the English claimed) and that the colonial legislatures were soverign in their local, internal affairs. This federal concept, which divided sovereignty between the central government and the constituent states, was allegedly a basic theory underlying the Constitution.

Most Rhode Islanders, however, noted the absence of effective checks on the growth of national power and feared that the new central government would aggrandize itself at the expense of the states. Rhode Island demanded a guarantee (now called the Tenth Amendment) to protect the states from such encroachment. Despite the enactment of that caveat—"The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people"—the central government has now realized Rhode Island's worse fears. As we said in 1790, the national government under the Constitution possesses the tendency to swallow up the states and to become extravagant, impersonal, bureaucratic, unresponsive, and a burden to the taxpayers. As a recent successor to George Washington was forced to admit, the federal government is not the solution but the problem. Rhode Island's wary and prophetic Antifederalists have been vindicated. The Constitution has, indeed, been inimical to true or dual federalism.

Another concern of Rhode Island in 1890 was that the Constitution created a strong, remote central government without protecting the individual and his rights from abuse by that government. Anti-federalists in the ratifying conventions of more than half the states proposed amendments to the Constitution to protect individual liberties or states' rights from the arbitrary exercise of power by the new national establishment. Rhode Island, with its thirty-six suggested safeguards, was the most prolific (though many of her amendments were based upon earlier formulations by states such as Massachusetts, South Carolina, New Hampshire, Virginia, New York, and North Carolina.

The Antifederalist concern for the protection of individual liberty gave rise to the first ten amendments to the Constitution. Ratified in 1791, they became known collectively as the Bill of Rights. Rhode Island, along with North Carolina, had the luxury of debating the merits of the Constitution and the Bill of Rights simultaneously, because both North Carolina and Rhode Island were still outside the Union when the First Congress sent these precepts to the states for approval in September 1789.

The proposal of a Bill of Rights was instrumental in lessening Rhode Island's opposition to the Constitution. When the Founding Fathers addressed our long-standing concern for individual liberty, Rhode Island relented. On June 11, 1790, our Gen-

eral Assembly approved the Bill of Rights (the May ratifying convention was not empowered to do so), and Rhode Island's position was vindicated once again.

Despite its absence from the initial session of the First Congress, Rhode Island in fact exerted an influence on the formulation of the Bill of Rights, especially the First Amendment. Founded by Roger Williams as "a lively experiment" in religious liberty and separation of church and state, Rhode Island was the only New England colony without an established (i.e., tax-supported) church, and, true to the wishes of its founder and its charter, it never restricted freedom of worship. In 1789 Rhode Island, the "home of the otherwise-minded," was still a shining example of religious freedom. Although the Virginia Enlightenment tradition, rooted in natural law, was the most direct influence on the free-exercise and establishment clauses of the First Amendment, most historians (myself included) believe that the First Amendment's religion clause also emanated from Roger William's biblically based Rhode Island system and from our state's long experience with such freedoms. Here Rhode Island led the way.

Another factor in Rhode Island's rejection of the Constitution was slavery. On this issue we executed the greatest about-face since Saul of Tarsus became the Apostle Paul. During the colonial era, Rhode Island merchants led those of all other colonies in their slave-trading activities. In his recent book The Notorious Triangle, historian Jay Coughtry shows that Rhode Islanders brought to America more than 70 percent of those Africans who came to these shores in bondage. By the mid-eighteenth century, Rhode Island had an elaborate slave system on the relatively spacious estates of South County—Farms run by a group of landed gentry called the Narragansett Planters and based on a slave code resembling that of Virginia.

But the Revolution and the sentiments of the Declaration of Independence brought a change in our attitude towards slavery. So did the conversion of Rhode Island's large and influential Quaker community to abolitionism. The liberation movement began in 1778, when the General Assembly passed a wartime enlistment law stipulating that those slaves (including Indians) who enlisted in Rhode Island's "colored regiment" would be granted freedom upon completion of their term of duty. A 1779 law forbade the sale of Rhode Island slaves outside the state without their consent.

The Emanicpation Act of 1784 was the most significant of the several Revolution-inspired statutes relating to blacks. With a preface invoking the sentiments of English political theorist John Locke—namely, that "all men are entitled to life, liberty and property" (but presumably not property in men)—the measure provided for gradual manumission by giving freedom to all children born to slave mothers after March 1, 1784.

Despite this progress in Rhode Island, our local opponents of slavery realized that the Philadelphia Convention (in deference, especially, to South Carolina) had compromised on this issue and that the Constitution thrice gave implied assent to this evil institution through the clauses on representation, fugitives, and the slave trade. In particular, the twenty-year prohibition on federal legislation banning the foreign slave traffic was a concession too great for many Rhode Islanders to accept, perhaps because they wished to atone for past sins.

Only five weeks after the adjournment of the Philadelphia conclave, the General Assembly passed an act, initiated by the influential and irrepressible Quakers, prohibiting any Rhode Island citizen from engaging in the slave trade. In vigorous language this statute termed the nefarious traffic "inconsistent with justice, and the principles of humanity, as well as the laws of nature, and that more enlightened and civilized sense of freedom which has of late prevailed." A constitution which gave temporary protection to this trade was not an instrument to be warmly embraced.

Thus the state's antislavery contingent took refuge in Antifederalism, and during the critical year 1790 this connection nearly thwarted ratification. Fortunately, however, there were some abolitionist leaders who began to see the difficulties inherent in Rhode Island's continued rejection of the Constitution. One such man was the influential Quaker Moses Brown of the famous mercantile family. Despite some initial misgivings, he embraced the Federalist cause by 1790. Early in that fateful year Brown toured the state, talking with Friends at the various monthly meetings in an attempt to overcome their opposition. His campaign seems to have met with limited success, but the antislavery objections to the Constitution were by no means dispelled when the March session of the ratifying convention assembled.

Slavery engendered much discussion and debate at this South Kingtown meeting. In fact, the slave-trade provision of the Constitution provoked such opposition that an amendment was specifically proposed and approved exhorting Congress to ban the traffic immediately. Rhode Island was the only state to suggest such an amendment to the federal Constitution during the ratification struggle.

As we know, it took the federal statutory ban on the foreign slave trade (effective January 1, 1808) and, ultimately, the Civil War and the Thirteenth, Fourteenth, and Fifteenth Amendments to bring the Constitution in line with the course urged by most Rhode Islanders in 1780s (slave traders like John Brown and James DeWolf, of course, excepted). Here again, who can deny the merit of Rhode Island's Antifederalism?

Part of Rhode Island's opposition to the Constitution stemmed from the fact that Article Three gave the new federal judiciary the power to entertain suits by an individual against a state. An amendment to remove such cases from federal jurisdiction was proposed by the first session of Rhode Island's ratifying convention in March 1790, but the proposal was ignored by the First Congress. However, when the U.S. Supreme Court accepted jurisdiction of a suit against a state by a citizen of another state in the case of *Chisholm* v. *Georgia* in 1793, there was such an angry reaction that the Eleventh Amendment was immediately proposed by an overwhelming vote of both houses at the first session of Congress following the decision, and it was promptly ratified by February 1795. This amendment provided that "the judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another state, or by Citizens or subjects of any Foreign State." Although the new amendment did not extend to federal questions or federal suits against a state by its own citizens, it was nonetheless an early concession to Rhode Island's assertive states' rights stand.

Finally, one must note Rhode Island's popular referendum on the Constitution—a referendum that inspired Federalist denunciations because the Constitution's framers had prescribed ratifying conventions as the mode for registering approval or rejection. In March 1788, with most of Rhode Island's Federalists angrily abstaining, the state rejected the now revered Constitution by a vote of approximately 2,711 to 243 (historians' computations differ slightly.) This 11-to-1 trouncing, made worse by the Federalist boycott, would seem to do no credit to Rhode Island. Some towns even shut out the Constitution entirely: the vote was 180 to 0 in Coventry, 177 to 0 in Foster, 156 to 0 in Scituate, and 101 to 0 in Cranston. Yet Rhode Island's insistence on a constitutional referendum now seems no more than reasonable. What new basic law can be enacted today without explicit popular approval at the polls?

In view of Rhode Island's subsequent vindication, we should have no cause for shame on May 29, 1990. In fact, considering the basis of Rhode Island's opposition to the original Constitution—resistance to an overweening and unrestrained central government; concern for the sovereignty and integrity of the states in the sprirt of true federalism; solicitude for individual liberty, especially religious freedom; opposition to slavery and the incidents of servitude; and concern for democratic participation in the constitution-making process—perhaps Americans might ask not why it took Rogers' Island so long to join the Union, but rather why it took the Union so long to join Rhode Island?

TROPICAL FORESTS DISAPPEARING AT AN ALARMING RATE

Mr. PELL. Mr. President, the world's tropical rain forests are disappearing at an alarming rate. A study released Friday by the World Resources Institute in collaboration with the United Nations Environment Programme and the United Nations Development Programme reports that the rate of tropical deforestation may be up to 79 percent higher than previously thought. Based on these estimates, we are losing up to approximately 50 million acres of tropical forest annually or an area nearly 70 times the size of my home State of Rhode Island.

This situation is intolerable. The importance of tropical forests to the welfare of our planet and human beings as a species cannot be underestimated.

Tropical forests play a vital role in the prevention of global warming: acting as carbon sinks or reservoirs. When forests are cleared—through felling or burning—the carbon is oxidized and released into the atmosphere in the form of carbon dioxide, a greenhouse gas. These emissions are not insignificant. In 1987, burning of the Amazonian rain forest in Brazil released more carbon into the atmosphere than was released in the same year through the burning of fossil fuels in the United States, and our country is the largest greenhouse gas emitter. Indeed in 1987, deforestation

contributed 33 percent of the carbon dioxide emissions caused by humans.

But tropical forests are important for other reasons as well. They are the primary repository of the Earth's genetic resources or biological diversity. Half of the Earth's species are contained in tropical moist forests.

What does this mean at a practical level? Quite simply that we may be destroying the pool of genetic material that could be used for advances in medicine, biotechnology or other fields that rely on the availability of this material for research. For instance, it is estimated that 50 percent of prescription drugs now contain products originating in rain forests. It could well be that a vaccine for AIDS or a cure for a now fatal form of cancer will be based on products derived from rain forests. Moreover, efforts to develop hardier and more productive strains of crops may be hampered if the genetic material to develop these new crops is depleted.

The uses of rain forest products I have cited are speculative, but this reflects part of the tragedy of the destruction of the rain forest. In most cases we do not even know what we are losing.

In addition to the scientific basis for concern about the destruction of rain forests, difficult human rights issues are also raised. In some areas, forest dwelling tribes find themselves caught between their own needs in the forest and the desire of governments and other parts of the population to develop the forest.

For instance, in Borneo, in the Malaysian state of Sarawak, members of the forest-dwelling Penan, Kayan, and other tribes are waging a struggle to defend their rights to their customary land against encroachment by logging companies. For the nomadic Penan who survive as hunters and gatherers, deforestation has been particularly devastating, causing a decline in their food supply and a possible increase in disease.

Mr. President, the question of tribal land ownership claims in the rain forest raises a host of difficult legal questions. Land claims are based more often on customary rights than on legally binding documents. These claims are often overridden by governments more interested in exploiting forest resources than in protecting indigenous peoples. The human rights concerns this situation raises are very real and pressing. Any attempt to address comprehensively tropical deforestation must take into account the rights of the communities that live in and around the forests.

If many of the possible consequences of deforestation are ill-defined, the causes mostly are not. And therein, Mr. President, lies a cause for hope. The better we understand the forces causing the destruction of rain forests, the better we will be able to respond to them.

The basis for U.S. efforts to help preserve biological diversity and tropical forests can be found in sections 119 and 118 of the Foreign Assistance Act. I am the author of section 119 which directs the Agency for International Development to create a program to protect biological diversity in developing countries and to report annually on this program.

In addition, I am the coauthor of section 118 which directs the Agency for International Development to place "a high priority on [the] conservation and sustainable management of tropical forests." And, last year, I joined Senator LEAHY as an original cosponsor of S. 1611, which directed AID to focus its tropical forestry assistance efforts on key countries where the environmental return of U.S. assistance could be maximized.

Bilateral aid efforts, however, are clearly insufficient to stop tropical deforestation. The magnitude of the problem dictate that we undertake a coordinated global effort to save one of our planet's most important resources.

A good starting point for these efforts would be the upcoming Group of Seven summit in Houston. Last year, for the first time at a G-7 economic summit, environmental issues were a major topic of discussion. In fact, 19 of the summit declaration's 56 paragraphs were devoted to the environment. With regard to deforestation, the Summit Seven declared:

> Preserving the tropical forests is an urgent need for the world as a whole. * * * [W]e encourage, through a sustainable use of tropical forests, the protection of all the species therein and the traditional rights to land and other resources of local communities.

The summit leaders then went on to lend their strong support to the tropical forestry action plan, or TFAP for short.

While the declaration's general statements on deforestation are commendable, the G-7's endorsement of the TFAP as a solution is misguided. TFAP is a process for organizing bilateral and multilateral aid to developing countries' forestry sectors based on plans developed by those countries. The plan was intended to ensure the conservation and sound management of the forests as a resource. With a goal of promoting $8 billion in investment in tropical forests in the 5-year period for 1987 to 1991, TFAP has had and will continue to have a major impact on forestry sector investment.

Unfortunately, there is now mounting evidence that the implementation of TFAP on the national level is failing to achieve the objectives of the plan and may in fact cause deforestation rates to increase. An analysis of TFAP's implementation through national forestry action plans in nine countries—Peru, Guyana, Tanzania, Nepal, Cameroon, Colombia, Papua New Guinea, Ghana, and the Philippines—shows that in six of these countries, deforestation is likely to increase under TFAP.

The study identifies several other flaws as TFAP is implemented on the national level. For my colleagues' information, I am submitting for the RECORD a copy of a letter I sent to World Bank President Barber Conable asking that bank forestry sector lending through TFAP be halted until the program can be thoroughly reviewed. I will ask unanimous consent at this time that the letter be placed in the RECORD following my remarks. It would indeed be a tragedy if a plan designed to save tropical forests became an engine for their demise.

What should the G-7 nations do at this year's summit to save tropical rain forests? First, they should reaffirm the general principles on the importance of tropical forests and the rights of the individuals living within them. This should not be difficult, since the language was acceptable at the previous summit.

Second, the G-7 nations should call for an immediate halt to funding of forestry sector lending and aid channeled through the tropical forestry action plan pending a complete review of the TFAP and its implementation at the national level.

Third, the G-7 nations should commit themselves to increase significantly funding for research on tropical forests. At the present time, precise figures for the rate of tropical deforestation are unavailable and our understanding of what we are destroying is minimal. This knowledge will be crucial to efforts to save the forests and to help countries learn how to develop their forests without destroying them.

Fourth, the G-7 nations should work with developing nations to create a body to study alternative methods of forest development. What is seldom realized is that many traditional methods of forest development are not economically viable. Thus the tragedy of rain forest loss is compounded by the fact that the projects that caused this destruction themselves fail. Alternatives do exist. A study in the respected journal Nature found that over time, the annual market value of rubber, cocoa, and edible fruits from one hectare of the Peruvian rain forest was worth six times the value of timber harvested on that plot in a single year and twice the value of converting the land to cattle pasture.

Fifth, G-7 nations must recognize that as the principal consumers of tropical hardwoods, they bear a direct responsibility for deforestation. In conjunction with efforts to help developing nations shift to alternative

methods of forest development and sound, sustainable timber harvesting practices, the G-7 nations should commit themselves to reduce their own demand for tropical hardwoods.

Finally, we must recognize that deforestation is also a product of forces not specifically related to the forests themselves, including: Population growth and the debt and development crisis. Effective protection of tropical forests will require us to move ahead in these areas as well, and I would hope that G-7 take up these issues at the Houston summit.

Mr. President, tropical rain forests are among our planet's most important resources. If we squander them, the damage to the planet our children will inherit will be incalcuably large. We have the opportunity to take action now, we should do so.

I ask that the letter to which I referred be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC, May 2, 1990.

Hon. BARBER CONABLE,
President, the International Bank for Reconstruction and Development, Washington, DC.

DEAR MR. CONABLE: I am writing to express my concern about the Tropical Forestry Action Plan (TFAP) and to urge you to suspend bank funding for forestry projects through TFAP pending completion of a thorough review of the TFAP process. As originally conceived, I believe that TFAP was well intentioned; however, there is now mounting evidence that the implementation of TFAP on the national level is failing to achieve the objectives of the plan and may in fact cause rates of deforestation to increase. In this light, the declared intention of bilateral and multilateral aid organizations, including the World Bank, to channel large increases in forestry sector spending through the TFAP process is cause for serious concern.

An analysis of TFAP's implementation through National Forestry Action Plans (NFAPs) in nine countries—Peru, Guyana, Tanzania, Nepal, Cameroon, Colombia, Papua New Guinea, Ghana, and the Philippines—has identified the following principal concerns:

(1) *Insufficient support for forestry conservation.* TFAP envisages spending roughly $8 billion in the forestry sector over five years. Of this amount, only 8 percent is allocated for conservation purposes while 55 percent is designated for industrial use and fuelwood and agroforestry activities. For a plan that is supposed to help preserve forests, this appears to be a serious misallocation of resources.

(2) *NFAPs may increase the rate of logging.* In six of the nine countries analyzed, the NFAPs are expected to maintain or actually increase rates of logging. Moreover, there are serious concerns that the institutional capacity of the countries analyzed is inadequate to ensure that logging that does take place is carried out in a sustainable manner.

(3) *NFAPs fail to address root causes of deforestation.* Although a major goal of TFAP is to reduce deforestation, the NFAPs frequently do not address the fundamental causes of such deforestation, including: skewed land distribution, perverse economic incentives promoting deforestation, and inappropriate government policies regarding land tenure and ownership. Without addressing these issues, effective protection of forests will not be possible.

(4) *NFAPs do not provide for sufficient local involvement or access to information.* Experience has shown that effective development plans require the active participation of local residents in development projects. To date, development of NFAPs has been accomplished with minimal involvement of local population and non-governmental organizations. Moreover, access to NFAP related documentation is routinely restricted. Absent these two factors, NFAPs may well be a prescription for failure.

Current rates of tropical forest destruction may have disasterous environmental impacts. Aside from the destruction of thousands of acres of forest each year, untold numbers of plant and animal species are being driven to extinction. Moreover, deforestation is estimated to contribute between 15 and 30 percent of worldwide annual carbon dioxide emissions, one of the principal greenhouse gases. In light of the consequences of deforestation, and the concerns that have been for forestry projects through TFAP until a thorough review of the plan can be completed.

With every good wish.

Ever sincerely,

CLAIBORNE PELL,
Chairman.

ROLL BACK THE SOCIAL SECURITY PAYROLL TAX: SENATOR MOYNIHAN IS RIGHT AS RAIN

Mr. HOLLINGS. Mr. President, I read with great interest the article by our distinguished friend, Senator PAT MOYNIHAN, in the June 4 issue of the New Republic. The fact is, when Senator MOYNIHAN first proposed last December to return Social Security to a pay-as-you-go system, the Democratic establishment sputtered and hedged, and then lit out for the tall grass. They either opposed the idea outright, or solemnly allowed as how they intended to quote-unquote study the matter—as if something this straightforward and simple needed more than 5 minutes of study.

Senator MOYNHIAN is renowned for his scholarship and erudition, but the issue here is not exactly the political equivalent and quantum physics. Are you for or against cutting regressive payroll taxes on working Americans? Are you for or against masking the Federal budget deficit by massively and systematically siphoning off insurance contribution revenues from the Social Security trust fund? Every Democrat, at least, should be able to answer those two questions in the blink of an eye.

Mr. President, the problem here is that the Federal Government has been taken over by a cozy coalition of congressional Democrats and White House Republicans. The result is not just slide by budgets, but slide by government—government that is utterly incapable of decisive or bold initiative. Anyone who disturbs the tranquility by calling for sacrifice or advocating risk taking is immediately subject to pot shots from both sides of the aisle and from both parties' national committees. We witnessed this bipartisan nitpicking in reaction to Mr. ROSTENKOWSKI's budget plan, in response to Senator MOYNIHAN's FICA rollback proposal, and in opposition to my own advocacy of a value-added tax. The lesson is clear, that if you discomfit our National Unity Government here in Washington by calling for real leadership, then be prepared to die the death of a thousand nicks.

On that score, however, I am glad to report that Senator MOYNHIAN has a robust clotting factor in his political blood. His roll-back plan refuses to expire. In fact, it remains very much alive—for the simple reason that it is the right thing to do. Social Security revenues collected by the FICA payroll tax are not general revenues and were never intended to be treated as such. They are insurance contributions that, by rights, should be segregated into a sacrosanct trust fund. Presently regarding the trust fund, there is no trust and there is no fund. This is a scandal, no less so for the fact that most Americans don't know about it and therefore aren't screaming bloody murder.

Clearly, this Congress has a duty to restore honesty and integrity to Social Security financing. To that end, we are fortunate to have a champion of Senator MOYNIHAN's caliber, a man who has a profound knowledge of the Social Security program who was an active participant in the landmark Social Security reform initiative of 1983, the Greenspan Commission, and who has shown outstanding leadership as chairman of the Finance Subcommittee on Social Security. I have the greatest respect for Senator MOYNIHAN, and I think he is right as rain on this matter of rolling back the FICA tax. He has my full support. Indeed, I believe he is gaining the support of a growing number of Senators who can't stand the stench of fraud and larceny now surrounding the Social Security trust fund.

Finally, Mr. President, I ask that Senator MOYNIHAN's New Republic article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New Republic, June 4, 1990]

SURPLUS VALUE

(By Daniel Patrick Moynihan)

On the final Friday morning of 1989, at a sparsely attended press conference, I announced that I would introduce legislation to return the Social Security Trust Funds to a pay-as-you-go basis. Since then the proposal has been pronounced dead by assorted

authorities. Yet it does not die. It has acquired a kind of street life, and it is mentioned to me wherever I go. In almost forty years of political campaigns and public office of various sorts I have never seen a proposal (and a fairly abstract proposal at that) win as much support as rapidly as this has—except within the Democratic Party. Apart from Governor Mario Cuomo and Democratic National Chairman Ron Brown, established Democratic figures have been either silent or opposed.

This is strange, for it is entirely within the power of the Democratic Congress to present the Republican adminstration with a proposal that would instantly increase the take-home pay of some 132 million Americans by up to $600 a year per worker, $1,200 a year per family—this at a time when real wages have been stagnant or declining for fifteen years. The fact that we have not done this, and evidently have no intention of doing it, has produced a second debate about the state of the Democratic Party. Much of this discussion is still behind the scenes, although thoughtful journalists are beginning to report on it. Thus, Joe Klein, in New York:

"The Democrats are engaged in a quietly furious bout of internecine warfare between the politicals—pollsters, consultants, and bureaucrats-in-waiting who'd like to see the party be more aggressive and try to elect a president this century—and the congressionals, whose basic impulses are survival and compromise."

There is a touch of bewilderment in some of these reports. Thus, Jonathan Salant in the Syracuse Herald American:

"One would think that the Democrats, who have been shut out of the White House so long that it seems that the Republican National Committee's headquarters should be at 1600 Pennsylvania Avenue, would seize upon the tax issue the way a person in the desert would seize a glass of water."

A touch of impatience has appeared, as with sports writers observing an inexplicably inept ball team. Thus, Alan Emory in The Watertown Daily Times: "There is one word for the leadership of the Democratic Party on . . . [the] Social Security maneuver: Stupid."

Some analysts have asked whether we might be seeing a new kind of politicans emerging, with Democrats in control of one branch of government, Republicans the other, dividing the spoils and pretty much ignoring the country at large. If so, the Republicans, at least, are not content with this arrangement. They mean to take over Congress as well, and 1992 is the big year. No one seems to be running against the incumbent Republican president. The House will have been redistricted following the 1990 census, with several dozen seats transferred from Democratic regions in the North and East to Republican precincts in the South and West. The Senate is vulnerable as well, with many more Democratic than Republican senators up for re-election.

By way of background, in 1977 a set of increases in the rate of Social Security contributions (under the Federal Insurance Contributions Act) was put in place that, in effect, moved us from the established pay-as-you-go system to a partially funded system. These rate increases extended over a thirteen-year period. The final one went into effect this past January 1.

Little attention was paid to this shift in policy, which by definition would create a long succession of large surpluses. On the contrary, the Reagan administration came into office in 1981 proclaiming the imminent "bankruptcy" of the Trust Funds, a scare tactic that went back to the Roosevelt-Landon campaign of 1936.

Even so, the surpluses appeared to grow. In 1987, with the Democrats once again in the majority in the Senate, I became chairman of the subcommittee on Special Security and embarked on an extended inquiry into this wholly new development. The General Accounting Office looked into the matter for us. Authorities such as Robert J. Myers, that eminent Republican and longtime chief actuary of Social Security, offered their counsel in hearings.

A range of documents emerged with a common theme: These monies were not general revenues and were not to be treated as such. They were trust funds. If we cannot save the trust fund surpluses, the money should be returend to the 132 million employees and self-emloyed and six miillion employers who pay it. There was something like a bipartisan consensus on this issue: save the surplus or return it. It did not last. It was destroyed in 1989.

Another Republican administration came to office pledged to "no new taxes" despite a large and growing deficit that was beginning to compound of its own accord. (It now requires all of the income taxes collected west of Mississippi to pay the interest on the accumulated debt.) Even so, the Bush team fostered the impression that if a "slide-by" budget could be agreed upon for the coming fiscal year, the administration would sit down with the relevant congressional committees and work out a "grand accord" to arrest the deficits of the Reagan years. By the end of 1989 no such accord had even been attempted.

There is a simple plausible explanation for this: 1989 was the year the cold war ended. That meant defense outlays would be coming down. It was also the year the Social Security surplus first reached $1 billion a week, promising to rise to $4 billion by 2002 and then on to $8 billion! Inspiration struck the "read my lips" pledge could hold after all. George Will suggested: "The Bush administration is part of a single-minded strategy to use the Social Security surpluses to rent the White House for Republicans for the rest of the century, and beyond."

In the meantime, I had announced my pay-as-you-go proposal. Normally such an announcement would receive little notice, but the administration, beginning with the president, reacted as if someone had revealed a profoundly important secret. It was now clear that we were not reducing the operating budget deficit, but only financing a larger and larger share of it with a regressive payroll tax.

What followed will serve as a prelude to the present debate about the state of the Democratic Party. In brief, the press sensed that we would blow it.

Thomas Oliphant of The Boston Globe first. On January 7 he wrote: "The powers that be can't say they weren't warned about their annual theft of Social Security contributions to help finance the Reagan-Bush budget deficits" He explained the measures, reviewed its merits, suggested its appeal. Then this: "From bitter experience, it is unwise to predict that Democrats can shake off their stupor and offer bold, new policies."

Five weeks later Pat Wechsler of Newsday reported the initial reaction of Ed Rollins, co-chairman of the National Republican Congressional Committee: "I assumed the Democrats would grab that issue and create a lot of havoc among our [middle-class, small-business-type] constituencies." Wechsler continued: "The former Reagan adviser said party leaders were almost in a frenzy by the time the congressional session opened in late January. . . Then he remembered something: these are Democrats."

Senate Majority Leader George J. Mitchell has promised a clear up or down vote on the bill, and has been as supportive as his often unenviable position allows. Still, the question is why Democrats have such difficulty with such an elemental issue. Trust funds are being raided. Republican Senator John Heinz asserts that the word for what is going on is embezzlement. The common law is nowhere more strict than in the matter of trust funds. This is something people know; it implies a standard of conduct. That standard applies to public no less than to private trusts. Never mind technicalities.

And yet the term most often invoked to explain the party's palpable fear of the proposal is that it would not be . . . respnsible. This is put in quite simple terms. There is a large deficit. Dealing honestly with the trust funds would increase that large deficit. Finding substitute revenues—an afternoon's exercise, if the truth be known—would open the party to the charge of taxing and spending (albeit there is no spending here, in the sense of government programs).

The fact is that we are not being responsible. We are being programmed. The Reagan administration decided early on that a protracted budget deficit would paralyze Democrats on the domestic front. Any proposed initiative would be countered with the argument that there was no money, that the deficit would only worsen. (Observe the fate of the excellent proposals of the Pepper Commission on health insurance.) To repeat, a decision was made. In his first televised address to the nation, on February 5, 1981, the new president declared: "There were always those who told us that taxes couldn't be cut until spending was reduced. Well, you know we can lecture our children about extravagance until we run out of voice and breath. On we can cut their extravagance by simply reducing their allowance."

Eight years later, on December 8, 1988, in response to a question about the deficits, President Reagan told a press conference:

When I came here for almost half a century the debate on the Hill, in the Congress, had always been more big spending programs, more power for the federal government, more intervention in private affairs by the federal government, as against those who were preaching less. Well, now today, and for a very long time, the very question that was asked here about the deficit—the argument on the Hill today is not more spending; the argument is how best we can reduce the deficit."

Somehow Democrats did not get it. Our political imagination simply could not comprehend the idea of an administration deliberately creating a crisis. President Reagan, Richard Cohen writes in The Washington Post, "left the country with a deficit that is not incidental to policy, but defines it."

The plain fact is Democrats ought to be attracted to a proposal to raise take-home pay—responsibly or otherwise—for the blunt reason that the United States has been experiencing an unprecedented period of stagnant wages and income. In 1989 the average factory gross wage in the United States (in 1977 dollars), $167 a week, was

$20 lower than 1970. The median family income in 1988, at $32,191, was a mere $82 above the level of 1973 (in real terms). But given the growth in FICA taxes for that period, from $1,878 to $2,418, the net change over the fifteen years from 1973 to 1988 is minus $458! And it was Democrats who enacted those FICA increases, worsening an already flat period of family income extending almost the length of a generation.

Just shy of thirty years ago, I came to Washington with the Kennedy administration. I became an assistant secretary of labor, with (nominal) oversight of the Bureau of Labor Statistics. At that time the number in Washington was the unemployment rate, then hovering between 5 percent and 6 percent. Calendars were marked with the day the monthly report was due. The commissioner would let me see it for, oh, two minutes or so before rushing it down the hall to the secretary, who would rush it over to the president. Up a point, down a point, unchanged: whatever, the unemployment rate was too high, a statement that America could do better and should.

At times I wonder. What if, in 1961, median family income in the United States had not risen but fallen during the fifteen-odd years since the end of the Second World War? Would that not have been the issue on which we focused our attention and energies? As it happened, real median family income had risen almost by half since the end of the war. Then commenced an extraordinary surge: 1961, $22,000; 1962, $23,000; 1963, $24,000. And so upward, $25,000, $26,000, $27,000, $28,000, $29,000, finally in 1969, $30,000. Had we continued at this pace, median family income in 1988 would have been just under $50,000. Instead, it was stuck at $32,191—and this is the highest it's been since '73!

Women by the scores of millions have gone to work just to keep family income steady. (In 1975, 47.4 percent of women with children were in the work force. By 1988, this had risen to 65 percent.) And what do Democrats have to say on this subject? Nothing. Hence Michel Oreskes's question in the The New York Times: "What is a Democrat, anyway? Once perceived as the party of compassion and progress, Democrats are now considered by many Americans as a fragmented bunch whose policies are likely to produce (if they produce anything at all) too much spending on the poor and too many burdens on working people."

Oreskes, like most of the journalists I have been citing, was in grade school when John F. Kennedy was inaugurated. He has no recollection of a Democratic Party that thought in majoritarian terms, insisting that the unemployment rate is everybody's business. All he has to go by is what he sees now. And as with him, so with everyone else. If your family income has not increased in fifteen years, there is likely to be one thing you will know about the Democratic Pary, and that is that the party does not know about you.

There are soundly Democratic economic arguments for returning Social Security to pay-as-you-go. The FICA contribution is, in effect, an excise tax on labor, raising the cost to employers of hiring people—especially hiring low-skill, low-wage people. Lowering the rate would create jobs—perhaps a million new jobs over a decade. But in the end this is not what the Social Security issue is about. Nor is it about federal revenue. Of course the loss has to be made up. It is not that much at this point. Returning $55 billion in FICA taxes in calendar year 1991 translates into a $38 billion net reduction in federal "revenues" in fiscal year 1991 (after accounting for increased income tax receipts from the resulting higher income). The point, however, is that these are not revenues. They are insurance contributions. Once that point is agreed upon, then you go on to make up the "loss." But it needs to be done promptly. Once we are dependent on a $5 billon or $6 billion weekly surplus, it will be beyond the system's capacity for change. The Democratic Party, as they say down South, had better listen up.

TERRY ANDERSON, THOMAS SUTHERLAND

Mr. MOYNIHAN. Mr. President, I rise to inform my colleagues that today marks the 1,913th day that Terry Anderson has been held in captivity in Beirut.

I would also like to point out that Saturday, June 9 began the sixth year of captivity for Thomas Sutherland. Our thoughts are and will remain with him and his family.

I ask unanimous consent that an Associated Press story regarding Mr. Sutherland be printed at this point in the RECORD.

There being no objection, the story was ordered to be printed in the RECORD, as follows:

U.S. EDUCATOR BEGINS SIXTH YEAR IN CAPTIVITY

(By Donna Abu-Nasr)

BEIRUT, LEBANON.—American educator Thomas Sutherland today began his sixth year as a hostage, and his wife and friends at the American University of Beirut gathered to mark the grim milestone and discuss his life and work.

Since Sutherland was captured June 9, 1985, the only word on his condition has come from former hostages who were held with him. The pro-Iranian group that holds him, Islamic Jihad, has never issued a photograph of Sutherland as it has its other captives.

Students and colleagues who gathered Friday to mark the anniversary of Sutherland's captivity recalled his commitment to the American University of Beirut. The Scottish-born, 59-year-old educator from Fort Collins, Colo., and dean of agriculture and food sciences at the school when he was kidnapped.

MORE ON THE PEACE PROCESS

Mr. MOYNIHAN. Mr. President, not long ago, Israel's Counsel General in New York Uriel Savir wrote for the New York Times a very thoughtful opinion-editorial concerning recent events in the Middle East. I ask unanimous consent that the piece be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, June 1, 1990]

AN ARAB CHOIR OF HATE

(By Uriel Savir)

Tragic acts of lunacy dot the history of mankind. Man's humanity to man is tested not by the violent deeds of mentally disturbed aberrants but by how we react in the face of such abhorrent violence. Do we swiftly condemn it? Glorify it? Or worse do we promote it?

Israel's soul was numbed by the brutal attack in Rishon le Zion, when a lone gunman struck down seven innocent Palestinian workers. This revolting murder sent shock waves throughout the country, bringing an outpouring of sympathy.

A week later, a bomb exploded in a crowded marketplace in the heart of Jerusalem. One person was killed, nine were wounded. An Islamic fundamentalist group proudly took responsibility.

This week, six terrorist gunboats were apprehended on and near the shores of Israel. They were sent by Abul Abbas, a member of the executive committee of the Palestine Liberation Organization.

In response to this latest act, the Israeli Government has asked the Bush Administration to cut off its dialogue with the P.L.O. And the U.S. has demanded that the P.L.O. Chairman, Yasir Arafat, denounce the gunboat attack, which so far he has refused to do. It is taken for granted that neither act of terrorism will be denounced by the United Nations Security Council, or condemned by the Arab leadership.

On the other hand, the murder in Rishon le Zion has taken center stage. This act of a crazed individual has been used by Arab leaders in a cynical effort to rekindle the fires of the intifada, to incite rioting that has led to even more bloodshed.

Senior Palestinian leaders have even made the accusation that the killings were a premeditated act of murder by the Israeli Government. It is little wonder that, spurred by these false accusations, Palestinians took to the streets in violent protests.

And what of the Arab leaders meeting in Baghdad this week, to whom we might have expected to look for a calming effect in an already complex and volatile situation? Their concern was not how to quell the cycle of violence but how to fan the fires of hate.

The Ras Bourka affair—the 1985 tragedy in which a deranged Egyptian policeman gunned down seven Israelis in Sinai—was much different. According to witnesses, Egyptian security forces gave no help to the wounded and even stopped an Israeli doctor and other vacationers from ministering to their loved ones.

Incredibly, this demented gunman was acclaimed in some Arab and Muslim quarters for his horrendous act. Iran even issued a stamp commemorating the event. Never has a single Arab terrorist responsible for the murder of innocent Jews been brought to trial and punished by an official Arab body in the entire history of the Arab-Israeli conflict.

But we would not let the act of one unbalanced Egyptian policeman harm the precious peace between Israel and Egypt. Unfortunately we have learned that, where Israel is concerned, it is too much to expect that an Arab leader would repeat what Egypt's President, Hosni Mubarak, said after the 1985 massacre: "A limited incident that can happen anywhere, carried out by an insane man." Anywhere but in Israel.

But we are witnessing now a large Arab choir of hatred in Geneva and Baghdad that places the onus of the murder in Rishon le Zion on the Israeli Government. In that demonization of Israel the Palestinians make it exceedingly more difficult for their own society to ultimately come to terms with its neighbor.

It is incomprehensible that anyone of good faith can believe that the rampage of a single Israeli could possibly represent Government policy. The vast majority of Israelis have always yearned for a just and lasting peace.

I believe in the inevitability of peace, and for peace you pay a price and take risks. We have demonstrated this in our relationship with Egypt. We owe that commitment to future generations.

Israel accepts the legitimate rights of the Palestinian people and their wish to free themselves from Israeli rule. We have offered free and democratic elections in the territories. The Jewish nation has never sought to dominate another people, nor does it wish to now. At the same time the Palestinians must recognize Israel's right to security, with special attention given to its geopolitical situation and historical experience.

So what now lies ahead? How do we proceed to peace? Certainly not by propaganda campaigns. Now by one-sided U.N. decisions. Peace can only come as a result of mutual recognition of the interests of both sides, together with compromise compatible to us both. There is no solution by force, not for them and not for us.

The cycle of violence must be stopped if the Middle East is to avoid deteriorating into violent turmoil. The alternative is an active peace process where both sides gradually advance towards a new reality, a reality of mutual trust, compromise and understanding.

These are the alternatives. In the long run, there is no third way: it is either the continuation of violence and terror or an active peace process. As Emerson wrote, "The only thing necessary for evil to ensue, is for good men to do nothing."

The Palestinians must understand and accept that the future lies not with the vilification of Israel, whether through the international community or the United Nations. Rather it lies in working together with us. For this, they will have to move from demonization of their adversary to a compromise with their neighbor.

The PRESIDENT pro tempore. Under the order previously entered, the Senator from Michigan [Mr. RIEGLE] is recognized for not to exceed 2 hours.

Mr. RIEGLE. I thank the Chair. I know the Senator from Utah has asked me to yield to him. Let me do so at this time for whatever request he wants to make.

Mr. HATCH. Mr. President, I ask unanimous consent that I have 10 minutes to deliver my statement on the flag.

The PRESIDENT pro tempore. Is there objection?

Mr. RIEGLE. No objection, Mr. President.

The PRESIDENT pro tempore. With the understanding the time comes out of the time controlled by Mr. RIEGLE?

Mr. HATCH. I ask unanimous consent that the time not come out of the time of Senator RIEGLE.

The PRESIDENT pro tempore. Without objection, it is so orderd. The Senator from Utah is recongized for not to exceed 10 minutes.

THE FLAG

Mr. HATCH. I thank my friend and colleague from Michigan for allowing me to make this statement on the record today.

Mr. President, Congress has attempted to protect the flag the Democrat's way, and everybody knows that. Although there were some Republicans who voted against the constitutional amendment to protect the flag, the vast majority of Republicans voted for it, the vast majority of Democrats voted for the statute and against the amendment. Now, let us try something that works.

Congress must protect the American flag from physical desecration with a constitutional amendment. That was evident to 51 Senators last fall, including this Senator. I hope we can pick up the additional votes now so we can protect the flag.

I want to commend, in particular, both the disstinguished Republican leader, Senator DOLE, who was the leader in the fight for the only effective way to protect the flag, and the distinguished senior Senator from Iowa, Senator GRASSLEY. The three of us joined in voting against the sham statute and for the President's flag amendment.

I, personally, am angry. We have unnecessarily lost valuable time. There are only two sets of winners so far. The first set of winners consists of those who cast contempt on America by physically desecrating Old Glory. The second set of winners is a group of result-oriented law professors who had the ear of quite a few of my colleagues and who might benefit from some time on the other side of the lectern.

When one reads the fine print of their testimony and letters, one discovers that they covered themselves in the event of this outcome. The ones they led down the garden path, however, now find themselves standing all alone in the garden, naked.

It is now time for the Senate to hear and to heed the voices of mainstream America, whose values and common sense find plenty of room for both protection of the flag and protection of the first amendment.

I have to say that one of my colleagues called it "symbols and gestures" and not reality. I think that this involves more than symbols, more than gestures and it does involve reality. A free nation that does not honor its flag, that does not honor its national symbols, is a nation on its way down.

Somebody said today that we should not amend the Bill of Rights for the first time in 200 years. The fact of the matter is, we should not have to amend the Bill of Rights. The Supreme Court misinterpreted the Constitution in Texas versus Johnson. The Constitution should have been upheld to begin with. But, since it was not, then it seems to me we need to make some changes. So I think it is time for the Senate to heed the voices of mainstream America whose values and common sense find plenty of room for protection of both the first amendment and the flag.

Thirty-seven Senate Democrats voted against the constitutional amendment, 3 more than the 34 votes necessary to kill it. This unmitigated fiasco, whereby Old Glory remains no closer to being protected from physical desecration than the day Texas versus Johnson was handed down last year, is the direct result of the political strategy of some of our congressional Democrats. They orchestrated the procedure whereby this body first considered and adopted a doomed-to-fail statutory approach.

Then a number of them, not all but some, engaged in transparent political posturing. They maligned supporters of the constitutional amendment, including President Bush, as seeking mere political gain. They wrongly attempted to paint us as insufficiently respectful of the first amendment, even though none of us on this side, then or now, ever suggested that lack of support for the constitutional amendment showed a lack of patriotism.

We respected the sincerity of their erroneous reading of the Texas versus Johnson decision, but some did not respect our disagreement with them.

Nero fiddled while Rome burned. Similarly, some Members of Congress fiddled around ineffectively, while the flag burned. As a direct result of their woeful and almost desperate attempt to stave off the amendment which would provide effective protection of the flag, the flag still is burning, utterly unprotected from every crank who wants to desecrate her.

The ACLU, and some faculty members at our Nation's law schools, may have been satisfied by their work. But mainstream America, justifiably, feels let down.

We actually heard at least one opponent of the amendment call it the Atwater-Bush amendment. In fact, it was, and is, the people's amendment. Perhaps we should now call it the "let's do it right this time" amendment.

We heard it suggested that our support for the amendment was just a way of generating a 30-second political campaign spot. In fact, all we were doing was reading the case law correctly and trying to protect the flag the only way we honestly believed would work.

I hope that those opponents of the amendment who so fervently professed the desire to protect the flag, and I believed them then as I do today, will have an easier time reading this latest ruling. We had extensive

hearings last year on this issue, with 51 votes for this amendment. Mr. President, I think it is high time for Congress to show quickly that it really does know how to protect the flag after all.

The situation reminds me a little of a Yogi Berra story. The Yankees were leading Boston in a game that would clinch the 1951 American League pennant for New York. Yankee pitcher Allie Reynolds had a no-hitter with two out in the ninth and Red Sox slugger, Ted Williams, at the plate. The great Ted Williams hit a mile-high pop foul near the Yankee dugout. Berra circled under it and at the last moment lunged, but he dropped the ball. Williams was still alive. On the next pitch Williams hit another towering pop-up near the Yankee dugout. Berra circled under it, again. This time, he hung onto the ball, preserving the no-hitter and clinching the pennant. After the game Yankee owner Del Webb went to the clubhouse and told him, "Yogi, when I die I hope they give me a second chance the way they did you."

Congress now has a second chance to protect the flag. I say to my friends on the other side of the aisle, let us not drop it this time. And I say to my friends on this side of the aisle, let us not drop it this time because it is time we do what is right on this issue.

I said before, there are only two principled arguments on this matter. One is that we should not do anything, and the other is we should do something that is right, and that is the constitutional amendment. I naturally conclude that the second is, by far, the preferable.

As we said last fall, the Supreme Court was compelled to hold, as it did, that the Government's interest is related to expression, in light of Texas versus Johnson. We said that the exception in the statute for disposal of worn or soiled flags would render the statute facially illegal under Texas versus Johnson. The Court agreed.

As we said last fall, Congress cannot overturn this kind of constitutional decision by statute. Again, the Court agreed with every argument we made.

The Court said that use of the terms "knowingly mutilates, defaces, physically defiles, maintains on the floor or ground, or tramples upon any flag" clearly make illegal disrespectful treatment of the flag. Yet as I noted last fall, and as the Court stated in today's decision, respectful treatment of the flag was protected. Such a statute was doomed from the start and the Court has now made it official.

Mr. President, I do not think we should malign anybody's particular feelings with regard to this matter. Everyone in the Senate, regardless of their views of a constitutional amendment, loves the flag. I do believe, however, that the whole statutory approach last year was basically aimed at deflecting the concerns most Americans had about the mutilation and burning of the flag, and to just get by this issue. I think those who argued for that particular statute have not read very carefully the Supreme Court's decisions in this area.

Oddly enough, I think they were misled by a number of these law professors who, though they claim they are in the mainstream, really do not tread in the mainstream at all.

Mr. President, this is an important issue. This is not some inconsequential thing, nor is it a violation of the Bill of Rights, nor is it a trampling on the Bill of Rights. Passing this constitutional amendment is simply a way of saying: Look, there are certain parameters we are not going to let you go beyond. And we do that all the time constitutionally, and we do that all the time in our criminal law. This is a nation of freedom but we also say there are limits beyond which we, as a civilized free people, will not allow you to go.

In this case all the constitutional amendment says is we are not going to let you go beyond these limits. If you are going to burn our flag, you are going to pay a price for it. And, frankly, I do not think that is going to trample on the Bill of Rights in any way, shape, or form.

Mr. President, I hope that our colleagues will consider the President's flag amendment now that the statute is done and has bitten the dust. We knew the statute would be struck down when we argued this issue on the floor of the Senate last fall. I think we all have to acknowledge that there is only one way to resolve this problem, and that is through this constitutional amendment.

The PRESIDENT pro tempore. The time of the Senator has expired.

The Senator from Michigan [Mr. RIEGLE] is recognized.

Mr. RIEGLE. I thank the Chair. I see my colleague from Iowa has come on the floor. I want to give him a sense as to where we stand. I gather he has a statement. I had scheduled a special order to go at this time. Senators THURMOND, LEAHY, and HATCH all had pressing circumstances when they asked if I would delay, and I have done so. I do not know whether the Senator has a special need. I would like to try to accommodate that as well.

Mr. GRASSLEY. Mr. President, I ask unanimous consent for 4 minutes to speak in morning business, and it not be charged against the Senator from Michigan.

The PRESIDENT pro tempore. Without objection, it is so ordered. The Senator from Iowa [Mr. GRASSLEY] is recognized for 4 minutes.

STATUTORY PROPOSAL TO PROTECT THE PHYSICAL INTEGRITY OF THE FLAG OF THE UNITED STATES 1990

Mr. GRASSLEY. Mr. President, as it relates to the Supreme Court's decision today, I am sorry to have predicted today's "knockout"—sorry because I think our flag is a symbol worth protecting.

Earlier this year, two Federal district courts—a continent apart—ruled that the statute enacted in 1989 to protect the physical integrity of the flag was unconstitutional.

Now, the Supreme Court has upheld their judgments. So it is "3 for 3"—just as we said.

As my colleagues will recall, I opposed the enactment of the flag protection statute.

I opposed it because I maintained it was flatly insufficient to protect our flag from physical desecration.

The decision of the Supreme Court to uphold the lower courts has proven that my opposition was justified.

As we stated in the Judiciary Committee report on this statute, my colleague from Utah, Senator HATCH, and I found the statutory approach to be little more than an empty gesture. We were joined in this by the minority leader Senator DOLE.

Given the decision of the Supreme Court, the statute cannot stop anyone from mutilating, defacing, burning, or trampling on the American flag.

It never could.

I maintain that to protect our flag from physical desecration in no way whatsoever impairs, restricts, or diminishes the first amendment principle of freedom of speech.

We can protect the flag from the threat of physical desecration without limiting freedom of speech. For many years, a Federal statute and the laws of 48 States did protect the flag from that sort of treatment.

What harm was done to the first amendment?

For all these many years, were we less free to express ourselves?

Absolutely not.

Protecting the flag from physical mistreatment does not prevent a single idea or a single thought from being expressed.

It does not interfere with the numerous ways of communicating an idea.

Rather, it merely prevents conduct with respect to one object, and one object alone—our flag.

I originally supported the flag protection statute because if it could protect the flag, its enactment might be less cumbersome.

However, the hearings held by the Senate Judiciary Committee convinced me that a statute will not survive a legal challenge.

We were told that a "content neutral" statute, if challenged, would

more than likely be approved by the Federal courts. However, the statute that was enacted is not content neutral.

In Texas versus Johnson, the Supreme Court declared that the Government's asserted interest in preserving the flag as a symbol of nationhood and national unity is insufficient to overcome a person's so-called right to burn the flag as part of expressive conduct.

The statute purports to protect the flag as a symbol, including against those who would desecrate the flag as a part of political expression.

Because this is the clear purpose of the statutory approach, it falls after Texas versus Johnson.

The unconstitutionality of any statute which attempts to protect all forms of flag destruction has been predicted by Justice Brennan, who—writing for the majority in Texas versus Johnson—wrote that any statute "that simply outlawed any public burning or mutilation of the flag, regardless of the expressive intent or nonintent of the actor."

I prefer to protect the flag through the Constitution which will merely restore the power to Congress and the States to prohibit flag desecration, which I believe they always had.

An amendment will not tinker or tamper with the Constitution or the Bill of Rights.

An amendment will not "trump" other portions of the Constitution—such as the "cruel and unusual" clause of the eighth amendment or the prohibition against "unreasonable searches and seizures" in the fourth amendment.

The only power of the amendment is its power to prohibit the physical desecration of the flag by overturning a Supreme Court decision that incorrectly interpreted the first amendment.

I urge the leadership to allow for the consideration of an amendment to the Constitution to protect the physical integrity of the flag at the earliest possible point in the Senate's schedule.

The PRESIDENT pro tempore. The Senator from Michigan is recognized.

(The following remarks by Mr. KENNEDY appear at this point in the RECORD by unanimous consent:)

FLAG DESECRATION

Mr. KENNEDY. Mr. President, this morning's decision by the Supreme Court reaffirms what the Court said last year, and what many in Congress believe—that it is unconstitutional under the first amendment to prohibit the political expression involved in burning the American flag. Old Glory never flew higher or more proudly than it does today.

I hold no brief for the flag burners. I condemn their ugly actions unequivocally. But I also reject the suggestion that the only means left for us to honor the flag is to carve a loophole in the first amendment. We do not need to destroy the first amendment in order to save the American flag.

True, the flag burners have dishonored the proud symbol of our country by their despicable tactics. But Congress will dishonor the flag far more, if we permit ourselves to be stampeded into amending the Constitution to give the flag a protection it does not need.

When we pledge allegiance to the flag, we pledge allegiance to the principles for which it stands. Few, if any, of those are more fundamental to the strength of our democracy than the first amendment's guarantee of freedom of speech. Let us not start down this disastrous road of restricting the majestic scope of the first amendment by picking the kinds of speech that are to be permitted in our society.

Next year, in 1991, the Nation will celebrate the 200th anniversary of the ratification of the first amendment and the other bedrock provisions of the Bill of Rights. It would be the height of hypocrisy for Congress to celebrate that proud bicentennial by proposing to amend the first amendment for the first time in our American history.

I urge the Senate to reject any such proposal, and I intend to do all I can to see that the first amendment stays unamended. Our flag and the democracy for which it stands are strong enough to withstand the antics and the insults of the flag burners. If we abandon our commitment to freedom of speech, then no flag and no amendment to the Constitution can save us.

I thank the Senator, and I yield the floor.

The PRESIDING OFFICER. The Senator from Michigan retains the floor.

THE CONSTITUTIONAL AMENDMENT TO PROHIBIT DESECRATION OF THE AMERICAN FLAG

Mr. DOMENICI. Mr. President, I am pleased today to join as an original cosponsor of the constitutional amendment to prohibit desecration of our American flag.

Today, the Supreme Court once again overturned a law to prohibit flag burning. The law that the Court overturned today was the Federal law that the Congress approved last fall in response to the Supreme Court's opinion in Texas versus Johnson, which held that the burning of the American flag was a legitimate exercise of "free speech."

Today's ruling in the cases of United States versus Eichman and United States versus Haggerty was based on that earlier opinion.

Frankly, Mr. President, I disagree with the Supreme Court's analysis of flag burning. The Supreme Court erred in equating free speech with the desecration of the American flag.

The act of desecrating the American flag goes beyond merely expressing a point of view—it is a violent act against the symbol of our Nation. It is not an act of free speech. Every American is free to denounce our Nation and the ideals for which the flag stands. Frankly, I think they would be terribly misguided, but if that is what they want to say, they have the right to say it. There is a vast difference, however, between speaking one's mind and desecrating the symbol of our Nation.

Of course, we must protect the right of every American to speak his or her mind—no matter how offensive their ideas may be. Freedom of speech is a right that the Constitution grants to every American, and our Constitution has preserved the vitality of our Nation for over 200 years. However, there is a difference between speaking one's mind and desecrating the American flag.

The Supreme Court's decision is disturbing to countless Americans, particularly those who have carried the American flag into battle to protect our Nation and those who have come here from other lands in search of a better life.

That is why the American Legion called today for Congress to show its true colors and pass a constitutional amendment to ban flag burning.

When Congress passed the antiflag burning statute last fall, I expressed doubt whether the Supreme Court would uphold the law. Today's opinion validated the concerns that I expressed at that time.

Mr. President, the Supreme Court made a mistake in legalizing flag burning. We should correct that mistake.

It is clear that the only way to correct this decision is by a constitutional amendment.

The amendment that we are proposing recognizes that the flag of the United States of America is a national symbol that should not be allowed to be desecrated. The amendment states:

> The Congress and the States shall have power to prohibit the physical desecration of the flag of the United States.

To those who say we must be careful that, in reacting to this outrageous decision of the Supreme Court, we do not weaken or dilute the first amendment rights of American citizens, I wholeheartedly agree.

I think the American people believe that a constitutional amendment to ban flag burning can be drafted that will not infringe on the constitutional rights that we all hold so sacred. This amendment fulfills those requirements.

I understand the difficulty, and the significance, of seeking to overturn a Supreme Court decision. Frankly, I have come to the conclusion that the flag and all it represents deserves the protection of our laws, and that we can protect the flag without undermining the principles of the first amendment.

The American flag and all it represents deserves the protection of our laws. That is why I am pleased to join in introducing this amendment to prohibit flag burning because of the necessity to correct the flawed decision of the Supreme Court and protect the integrity of our Nation and its oldest symbol, the American flag.

THE AMERICAN FLAG

Mr. KERREY. Mr. President, I rise as well to address the decision by the Supreme Court today to strike down the statute that protected the American flag. I must confess I did not vote for that statute nor do I intend to vote for the constitutional amendment.

Mr. President, the debate about the need to protect the citizens of America from flag burners leaves me, I must confess, somewhat dismayed. It is not America's finest hour that we rise in defense of the flag saying that we are going to rush to amend the Constitution so as to be protected because we are afraid, afraid of the rising vile protests out there by people who are burning the American flag. I do not see it and I do not understand it.

I do not understand how we can make repeated trips to Eastern Europe talking about freedom, talking about the need to give human beings the right to dissent, the right to protest, the right to say they do not like their government, and to protect that right; repeated trips by me and other politicians, including the President of the United States. And not once, not once did a representative from this Government say to Gorbachev, say to Vaclav Havel, say to anyone, "Make sure that when you put together that document that secures the rights of your people, make sure you protect your flag with an amendment to your Constitution that gives you the statutory right if you want to to incarcerate someone who sets that flag on fire."

I cherish the freedoms that I have in this country. They have given me far more than I could ever give this country in return—the freedom to express myself, the freedom to be what I want to be, the freedom to travel in an almost unlimited way, and acquire whatever skills I have the energy to try to acquire.

I understand the doctrine of relative rights the Senator from Alabama so eloquently described. I understand that my freedom at some point stops against the freedom of someone else's and at some point the Govenment does have a right to constrain me; whether it is speech, whether it is religion, regardless of the freedom, that there is a limitation to my own personal freedoms.

But as offended as we are by a handful of people who have chosen to burn the American flag as a protest, can we really believe that the Nation is in such jeopardy by this handful of people who persuade no one, that there is such a real and present danger that we will now rush to offer an amendment to the Constitution? Where is the threat? Where is the danger? Where is the courage simply to stand up against those protesters and say we deny your beliefs, we disagree with what you have done, we have passionately come to the table and say that you are wrong?

But, no, we do not do that. We frame the argument, instead, as those who are for this constitutional amendment somehow are for people that wear the uniform of the United States of America and those who are against the constitutional amendment are somehow for flag burners. Shame on that argument, because that is not the issue here today.

The issue is whether or not we believe in freedom. The issue is whether or not we can fearlessly hang on to that freedom and encourage human beings to express themselves, to listen to that beating heart inside of them that says to them this is what you ought to do in spite of what the majority says. Stand and say it. Stand and deliver your feelings, your beliefs, independent of what you think of someone else might want you to do.

What do my colleagues think the just-say-no program is? When we say to your young people, "say no to drugs," we are saying to them., "say no to peer pressure, say no to your friends, say no to the majority. Stand and let your conscience deliver your decision." That is what we should be encouraging Americans to do, not suggesting somehow that we are going to make this a better country by amending the Constitution to protect us from a handful, a handful, of people who are no danger at all to our liberties or to our Nation.

Our flag is jeopardized when we forget what freedom means. Freedom means being strong enough to express yourselves. And freedom means in the end being willing to put yourself on the line for some person you do not even know, to put it all on the line for that stranger, not just for your friends.

Mr. President, I know this debate is going to get emotional. I know it is going to get framed in terms of who loves their country the most; who can stand and say that they love America the most; who can say that we here, in the U.S. Senate, do not love our country; who can say that people who have given up a bit of time to serve the people in such way cannot love their country. We all do.

But we should love freedom, and we should be willing, I believe, to protect it. This constitutional amendment that we are offering here today for consideration does just the opposite. It does not protect freedom. It discourages it.

I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

U.S. SUPREME COURT DECISION ON FLAG DESECRATION

Mr. HELMS. Mr. President, there was no occasion for surprise this morning when the U.S. Supreme Court in another one of those 5-to-4 decisions repeated its mistake of last year in upholding the desecration of the American flag. I say that as a Senator who voted for the constitutional amendment last year, which received 51 votes, 16 short of the necessary two-thirds, and then supported a statutory proposal, even though it was virtually certain that the Supreme Court would reject it out of hand. That happened today. It was, therefore, merely a protest vote against the first Court decision.

Needless to say, today's decision by the U.S. Supreme Court will be applauded by the liberal major news media of this country, just as was the Court's decision last year. But the Court and media and the American Civil Liberties Union, among others, are just as wrong this year as they were in 1989.

Going the statutory route was demonstrably an exercise in futility this year just as some said it would be. Thus, a year has been lost in the process that should have begun a year ago—the process of amending the U.S. Constitution to make clear that this sorry business of burning and/or otherwise desecrating the American flag must be regarded for what it is, an unlawful, unwarranted, and unacceptable assault on the very meaning of America.

So, Mr. President, for the second time, the Supreme Court in another one of those 5-to-4 votes, all the nine Justices merely repeating their respective positions of last year, has effectively found flag burning an acceptable activity. The Court, under the Constitution, of course, has the authority to come forth with unacceptable decisions, even egregiously unacceptable decisions. The Court has done that in the past and undoubtedly will do it again on future occasions involving future issues. I believe the

American people understand that, and certainly I do.

But what is next? Will the Court take the same position regarding hard core pornography? The American people understand that the power of government, all three branches of it, was intended to rest with them, the American people. The people also understand that the Constitution intended that they, the people, have a right to seek redress, and that the Congress has the power to initiate process to provide a remedy for the intransigence of the Court.

So, Mr. President, Senator DOLE was absolutely correct last year when he proposed that Congress exercise its right and I think its duty. Senator DOLE, who by the way has paid his dues to this country, offered a constitutional amendment which had the Congress approved it by the necessary two-thirds vote would now have been far down the road to letting the American people decide this issue through their own legislatures.

One needs only to recite, carefully and slowly, the words of the Pledge of Allegiance which literally millions of people recite every day, schoolchildren included. Let us take it phrase by phrase, and the inescapable message leaps out to emphasize that this is not really an issue of "freedom of speech"—the burning and desecration of the American flag. This is an assault on this Nation and all that it means to the people of this land and all that it means to the people around this world who regard the United States of America as a beacon of hope.

The millions of Americans are not saying they merely have respect for the flag.

Consider the words that follow: "I pledge allegiance to the flag of the United States of America," and not just respect for, but allegiance to the flag and the country, because it says in the next phrase, "and to the Republic for which it stands." So you see the question is if you burn or otherwise desecrate the American flag it is an explicit act designed to provoke the destruction, the desecration, of the Republic for which it, this flag, stands.

So the issue is whether such a desecration is or is not an attempt to overthrow, to destroy, to desecrate, what?

Recite the rest of the Pledge of Allegiance, and I think you will see. The explicit attempt is directed at this country, this flag burning business, this country, remember, "one Nation under God, indivisible, with liberty and justice for all." It does not say with license and justice for all. It says with liberty.

So, Mr. President, when Senator DOLE and the rest of us last year proposed a constitutional amendment, there came a tidal wave of self-annointed legal scholars and self-proclaimed guardians of the Bill of Rights effusively praising the Supreme Court for what they called its contribution to political discourse, to which I say horse feathers.

BOB DOLE was vilified, as were the rest of us, because we denied that the American flag is just another piece of cloth.

When the Senate passed the so-called Flag Protection Act last year, it was obvious that this legislation, as I said earlier, would be given the "deep 6" treatment by the Supreme Court. That happened today. But last year as soon as that Flag Protection Act was passed, remember what happened? Flags were burned all across the country in an orchestrated mockery of America.

So the point is this: The American people are not likely ever to be satisfied with rhetoric on this and other issues. They want their Congress to set in motion a process to reverse what I consider to be the Supreme Court's folly. The people instinctively understand that more than free speech is at stake.

Is it not interesting that the concept of informed political speech has been turned on its head by the Court twice now? Five of the nine Justices have now twice decreed that flag burning is a "political expression" not to be regulated like, for example, shouting "fire" in a crowded theater. On the other hand, perhaps Mr. Justice Brennan for one ought to look outside his window on Veterans Day and observe the outraged men and women who view his reasoning as incomprehensible. Let Mr. Justice Brennan ask them if burning their flag is an outrage or an invitation to fight. I think he will get a clear answer.

So the fundamental question is: What is wrong with using the constitutional process, including amending the Constitution, letting the people decide whether this Nation should protect the honor of the American flag, the flag under which so many fought and so many died.

After all, this flag is a symbol of the noblest aspirations of the American people and the hope of oppressed people around the world.

But I say again the Supreme Court now has spoken twice. Is it not time, under our tripartite system, that Congress speak and this time do it right?

We have the opportunity, we have the duty, to remedy the damage done by the Supreme Court. Let us now begin the process toward a constitutional amendment as we should have done last year.

Mr. President, I ask unanimous consent that a resolution of the North Carolina Senate, approved unanimously June 27, 1989, rejecting the first decision of the Supreme Court, be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD.

SENATE RESOLUTION 1323

Whereas the American flag is a cherished emblem symbolizing the proud history and democratic principles of the citizens of this nation; and

Whereas the intentional destruction, mutilation, and desecration of the American flag are shameful acts, insulting and abhorrent to those who treasure the beauty and simplicity with which these emblems convey to the world the values embraced by Americans. Now, therefore, be it

Resolved by the Senate—

SECTION 1. The Senate laments the decision of the United States Supreme Court declaring unconstitutional those laws prohibiting the destruction, mutilation, or desecration of the flag of the United States of America, reaffirms the respect with which it regards the American flag, and the esteem by which that symbol is regarded by the citizens of this State and the nation.

SEC. 2. The Senate urges the Congress of the United States to take appropriate action, including a constitutional amendment if necessary, to allow for laws prohibiting the destruction, mutilation, or desecration of the flag of the United States.

SEC. 3. The Principal Clerk of the Senate shall send a certified copy of this resolution to each member of the North Carolina Congressional Delegation.

SEC. 4. This resolution is effective upon adoption.

Mr. HELMS. I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Alabama.

FLAG BURNING

Mr. HEFLIN. Mr. President, I was not surprised that the Supreme Court held unconstitutional the Flag Protection Act of 1989. In observing the Supreme Court in 5 to 4 decision, rarely does a sitting member of the Court change his mind. When the legislation came up I supported it, but I said it was an exercise in futility and I did not think it would do the job. I felt that a constitutional amendment was necessary, and I think we have now seen the proof in that prediction.

I sometimes or others feel that the Supreme Court fails to recognize the importance of the flag. The Pledge of Allegiance is that you pledge allegiance to the flag and to the Republic for which it stands. The flag stands for the Republic. They are basically synonymous in that the flag represents our Republic and we ought not to desecrate it.

I have joined with Senator DOLE in a constitutional amendment which would reverse these decisions of the Supreme Court. I hope that we can bring that constitutional amendment on the floor of the Senate on June 14, which is just a few days off, because that is Flag Day in the United States.

The resolution (S.J. Res. 332) performs the important task of establish-

ing a constitutional amendment allowing Congress and the States to pass laws prohibiting the physical desecration of the flag of the United States. On June 21, 1989, the Supreme Court handed down its decision in Texas versus Johnson. There, the Court held that the burning of the American flag, as a form of political expression, is protected free speech under the first amendment.

On the day that Johnson was handed down, I spoke on the Senate floor and expressed my disbelief and displeasure at the ruling of the Court. At that time, I was convinced that a constitutional amendment, as opposed to a legislative approach, was the only way of putting an end to the legal desecration of our flag. Now, that belief has become a reality.

Some say that we should not move toward a constitutional amendment, that it weakens the first amendment.

I pointed out on the floor during one of my speeches that the first amendment had been amended by other constitutional amendments. I brought out the fact that the first amendment did not give the right of freedom of expression to slaves, and the 13th, 14th, and 15th amendments implicitly changed and amended the first amendment rights.

So I say that the first amendment has been amended in the past. I recognize also that first amendment rights are not absolute and unlimited. There have been numerous decisions of the Supreme Court that limit freedom of expression.

The Founding Fathers, in drafting article V of the Constitution, intended that it would be extremely difficult to amend the Constitution, requiring a two-thirds vote of both Houses of Congress and a difficult ratification process requiring the vote of three-fourths of the States. The history of this country shows that only 26 amendments to the Constitution have been adopted and only 16 after the Bill of Rights—containing the first 10 amendments—were ratified.

We have looked at the first amendment, and other than by implicit amendments it has not changed a great deal over the years. But I feel that on this instance that it is very important that our flag be protected, and I feel that we should move forward to adopt a constitutional amendment which would allow the Congress and the States to pass laws which would protect the flag from desecration.

I yield the floor.

COMPREHENSIVE OVERVIEW OF S&L CRISIS

Mr. RIEGLE. I thank the Chair and appreciate his courtesy, as always.

Mr. President, I rise today to report on the status of the Federal Government's efforts to resolve the problems of America's troubled savings and loan industry. This is a subject of increasing concern to Members of Congress and to the American people.

I want to give my colleagues and the public generally a comprehensive overview and progress report on where things stand at this time and the outlook for the period ahead. Although I rise as chairman of the Senate Banking Committee, let me emphasize at the outset that the analysis that I will present today is strictly my own.

Let me also note that this is the first such report that I will be presenting in this fashion. I intend to provide further updates at later times when circumstances warrant. It will take some time for me to deliver this today, so I have taken special order with that thought in mind because I want to deliver the entire content of this assessment today.

I want to begin with a background and a brief review of last year's thrift legislation and the genesis of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, the reform bill which has been dubbed FIRREA.

The President's savings and loan legislation came to us on February 22, 1989, when the President sent his proposed package to us to address the crisis in the savings and loan industry. The same day, Treasury Secretary Brady formally presented the contents of the proposed bill at a public Senate Banking Committee hearing, and that day Senator GARN and I introduced it in the Senate where it was designated S. 413.

It was obviously seen by the President as a top legislative priority. As I have said before, I commend him for having taken the initiative at that time to bring this issue forward on a timely basis early last year.

When the President proposed the legislation, the Senate Banking Committee had already held four hearings in the 101st Congress on the savings and loan debacle. After the bill was submitted, the committee held an additional 14 days of hearings on the problem. Over the entire 18 days of hearings then, the committee heard from some 39 expert witnesses. The witnesses included Treasury Secretary Brady, Attorney General Thornburgh, Federal Reserve Board Chairman Greenspan, FDIC Chairman Seidman, Federal Home Loan Bank Board Chairman Wall, the Comptroller General of the United States, Mr. Bowsher, among others.

The testimony of these and other witnesses comprises a testimonial record of some 2,572 printed pages. The committee has published that record in a four-volume set entitled "Problems of the Federal Savings and Loan Insurance Corporation, Senate Hearing 101-27." The Banking Committee can provide copies of that set to any Member, staff person, or interested member of the public upon request.

While today's summary is aimed at an assessment as to where we stand today and what the outlook is going forward, at an appropriate time, I will also be presenting a summary that looks backward with respect to a summary of the events during the 1980's that brought us to our present circumstance.

The hearing that I just referenced and subsequent discussions among committee members and the administration produced a legislative package reported out of the Senate Banking Committee on April 13, 1989, 50 days after its introduction in the Senate, and it was reported out by a unanimous vote of 21 to 0.

The 564-page bill reported by the committee, number S. 774, incorporated every major feature of the President's proposal. In addition, the reported bill included several significant additions to the President's proposal. These additions went beyond the President's bill in correcting past abuses and putting a stop to all unsafe and unsound practices in the savings and loan industry that had been identified.

The administration accepted these strengthening additions and publicly endorsed the Senate Banking Committee bill.

(Mr. LIEBERMAN assumed the chair.)

Mr. RIEGLE. The full Senate in turn passed the Banking Committee bill by a vote of 91 to 8 on April 19, 1989. No substantive amendments were added here on the Senate floor. The Senate version of the reform package was ready for conference 56 days after the administration bill was first introduced into the Senate.

The House for its part required under a somewhat different procedure sequential referrals of the President's proposed legislation through four separate committees. The House reported its version of the bill, H.R. 1278, from the House Committee on Banking, Financing, and Urban Affairs on May 16, 1989, from the Committee on Ways and Means on May 22 of last year, from the Committee on Government Operations on June 2, and from the Committee on the Judiciary on June 1.

The bill came to the House on June 14, 1989, and passed on June 15, 1989 by a vote of 320 to 97.

One hundred and two conferees were named to the conference committee—eight were from the Senate, three of which were conferees only on the tax provisions of the bill, and ninety-four conferees were named from the House.

On June 22, 1989, the conference committee held its first meeting, and I was elected chairman of the conference. The committee met seven times

thereafter to resolve differences between the House and Senate bills. The final conference committee bill was approved on August 3, 1989, and adopted by both the House and the Senate the following day. The Bush administration gave its strong public endorsement to the final bill.

On August 9 of last year, just 168 days after President Bush had sent his proposed bill to Congress, the President signed the 366-page final bill into law in a public ceremony in the Rose Garden. He said at that time, "This legislation will give us the tools to make our thrift institutions and our financial system as a whole strong and stable."

The savings and loan reform package that he signed into law that day represented the most significant financial restructuring legislation in over 50 years.

The bill at the time was greeted with much favorable editorial comment and positive reviews by most financial experts. The Washington Post, for example, said, "The S&L reform bill is a remarkable achievement. And "the sooner President Bush signs this legislation into law, the better for the ability of the economy and the protection of the public." That from July 31 of last year.

The New York Times called it "A promising plan to rid the industry of its rot and set S&L's on a sounder path." It noted further, "It was stronger than Mr. Bush's original plan." That, from August 9 of last year.

Commentators praised the bill for, among other things, putting an end to abusive practices, establishing much stronger capital standards for savings and loans, setting up a new administrative structure to ensure strong regulatory oversight, and providing the Justice Department with additional funds to prosecute savings and loan fraud cases and seek recovery of stolen assets.

Now, the bill that emerged from the legislative process had five main features, and let me list them.

In the area of regulatory reforms, first, it completely changed the thrift regulatory structure. It abolished the old Federal Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation and established a new thrift regulator called the Office of Thrift Supervision under the Treasury Department.

It created a new Federal Housing Finance Board to administer the Federal Home Loan Bank System and created three separate entities under FDIC management to handle the jobs of resolving past, present, and future thrift insolvencies. They are called the FSLIC Resolution Fund, the Resolution Trust Corporation, and the Savings Association Insurance Fund, respectively.

Second, the bill channeled a great deal of money from a variety of sources including the thrift industry, the Treasury, and another new entity created by FIRREA, the Resolution Funding Corporation, that is named REFCORP, toward the task of resolving insolvent thrifts.

The bill also established several important curbs on excessive risk-taking by federally insured institutions. It imposed very tough new capital standards. It prohibited investing in junk bonds and required thrifts to phase out their existing junk bond portfolios. It sharply curtailed direct equity investments. It subjected thrifts to the same limit on loans to one borrower that applies to national banks, and it increased civil and criminal penalties for officers, directors, and professional consultants who defraud insured depository institutions.

It also placed important new restrictions on State powers. Prior to FIRREA's enactment, State law alone provided the only limitations on the powers of State-chartered thrifts. This is a very important issue still not understood even by many people who have examined this problem at great length.

In several States, those limitations were not very substantial. The States of Texas and California, in particular, removed virtually all restrictions on the investment activities of State-chartered thrifts within their States, all of them nevertheless connected to the Federal deposit insurance system.

This permitted California and Texas thrifts to raise deposits and invest them in virtually anything, knowing that the Federal deposit insurance system would pick up any loss that might result. Many thrifts exploited this opportunity to the hilt, raising brokered deposits and investing them in such things as racetracks, windmill farms, junk bonds, raw land, and other things of that sort. The consequences of such abuses for the Federal deposit insurance system were catastrophic. Listen to these numbers. In 1977, 54 percent of all of the losses in the national system went to pay for losses incurred by State-chartered thrifts in just two States, the States of California and Texas alone. And that figure grew in 1988. Fully 70 percent of all of the payouts from the insurance fund went to cover losses by State-chartered thrifts in those same two States, Texas and California.

FIRREA put a stop to those abuses. The statute generally restricted State thrifts to activities permissible for Federal thrifts, creating exceptions only for State thrifts that fully satisfy all applicable capital standards and in turn can meet a second test, namely to convince the FDIC that the activity in question poses no significant risk of loss to the deposit insurance fund.

Although many commentators at the time argued for elimination of the thrift charter altogether, the Bush administration sought to preserve a separate thrift industry as the following exchange between myself and Secretary Brady during his February 22, 1989, testimony on behalf of the administration made clear.

I posed this question to Secretary Brady: "Are we to conclude from what you have said in your presentation that the administration foresees a freestanding savings and loan industry extending out into the indefinite future, presumably dedicated to home mortgages and home lending? Is that a proper reading of what you are asserting here?"

Secretary Brady responded as follows: "Mr. Chairman, that is a very fair summary of the administration's objectives. At the bottom of all this work is the desire to put the savings and loan industry on a sound financial basis so they can fulfill their traditional function of trying to provide home loan mortgages at the lowest possible rate."

So I continued then asking him this: "Is it a fair conclusion then that the administration has reached the judgment that this is an important industry to preserve and maintain and it meets an important national need in the area of housing?"

Secretary Brady responded, and I quote him: "Exactly so." And that can be found in our Senate hearing volume 101-127, volume 2, pages 41-42, under the heading "Problems of the Savings and Loan Insurance Corporation."

Secretary Brady reiterated the administration's commitment to a separate industry at the Banking Committee's RTC oversight hearing just this year, and not very long ago, on May 23. He noted at that time "A key purpose of FIRREA—the reform law—is to provide the money and mechanisms to separate out insolvent and failing thrifts so that the industry which remains can compete successfully and safely in the finance marketplace."

It was then in accordance with the administration's wishes that FIRREA reaffirmed the Federal Government's commitment to a separate thrift industry. But the bill also included a test of the thrifts' charters, focus, and commercial viability, namely the qualified thrift lender test or the QTL test as it is known.

As of July 1, 1991, thrifts must keep approximately 70 percent of their assets in housing-related investments such as home mortgages, residential construction loans, home improvement loans, mobile home loans, and mortgage-backed securities. That is a tough standard, but an appropriate one if we are to continue with a specialized thrift industry whose central purpose

is home mortgage lending. And thrifts that cannot meet the QTL test have a direct alternative. They can convert to a bank charter and be regulated as a bank.

Let me talk some about the progress that we have made in the time since that legislation was passed in the middle of last year. The new reform law has now been in place some 9 months. Already the administration has formally notified Congress that further action will be needed to provide substantially more money to resolve insolvent thrifts than the administration originally estimated.

The administration's acknowledgment that the ultimate cost is now expected to be at least twice what it earlier indicated I think makes this a most appropriate time to review in a comprehensive manner the progress of the administration's efforts to resolve the thrift crisis, and to fully implement the law.

I think progress toward resolving the thrift crisis must be measured along several yardsticks.

First and most important is the question of what is happening to the thrift industry overall. Is it stabilizing as a result of the reform bill or is it continuing to deteriorate?

Second, what is happening to the weak thrifts? Are they making reasonable progress back toward health, or will they, too, ultimately require resolution by the Federal Government at taxpayer expense?

Third, what progress are the FSLIC resolution fund and the RTC making toward resolving failed institutions and selling off their assets? Is the pace of resolution satisfactory? Is the pace of asset disposition satisfactory? Are reasonable asset disposition and resolution policies in place?

Fourth, what is happening to the cost of the resolution effort? By most accounts it is rising. But why is the cost rising and by how much?

Fifth, what progress is being made toward bringing those who defraud banks and thrifts to justice? Does the Department of Justice have adequate resources to handle its workload?

Finally, is the administration providing the effort with the vigorous leadership that it needs? What key positions remain vacant? Is a solid team in place to guide the effort through the difficult tasks ahead?

Let me begin this analysis by discussing briefly what is happening in the thrift industry. Current discussion of the thrift crisis tends to focus on what is going on either at the FDIC or the RTC but in many respects the most important indicator of FIRREA's success or failure is whether the healthy portion of the industry is stabilizing or continuing to deteriorate. Unfortunately, because FIRREA was enacted relatively recently and because considerable time is needed to collect and compile the data, not much information is available yet on what has been happening in the thrift industry since FIRREA's enactment. The most current figures are already 5 months old and this increases our difficulty in providing timely and constructive oversight.

The problem of inadequate data deserves I think a moment of discussion. In researching the condition of the thrift industry, our staff has encountered serious debt gaps in the data and a disturbing reluctance to share what data exists on the part of some of the agencies charged with implementing FIRREA, most notably the Office of Thrift Supervision. Similar concerns have been expressed by expert witnesses before the Banking Committee.

On May 22, just a matter of weeks ago, Mr. James Barth, former chief economist at the Federal Home Loan Bank Board and distinguished scholar on the thrift industry now based at Auburn University, told the committee this. I quote him. He said:

> One thing I would like to state for the record is that I have some concerns in part because of the information within the agency. I am not sure there is proper information. I have talked to people on your own staff and they informed me occasionally that they cannot get information from places like the Federal Home Loan Bank Board and the Office of Thrift Supervision. Somebody told me at the Congressional Budget Office just a couple of days ago that he is unable to get information about troubled institutions from the Office of Thrift Supervision. And this, despite all that has happened. When I was there we had a policy of giving out all sorts of information. I think one has to encourage these agencies to share for the most part publicly available information and then we can tell more about the financial condition of the institutions and the insurance funds themselves. That does concern me, the information. I am not so sure that responsible people in the Congress and the agencies are still provided with sufficient access to relevant information at such crucial points in time.

Then Mr. George Kaufman, who is a distinguished professor of economics and finance at Loyola University at Chicago and a member of the shadow regulatory committee, supported Mr. Barth's statement in his own subsequent testimony. This is what Mr. Kaufman said:

> If I can support what Jim Barth just said, I remember in the mid-1980's when people were making independent estimates of the size of the deficit they did not get the cooperation of the agencies. They had to use information that was not as good as the information available to the agencies because the correct information was not provided to them. Consequently, when they came up with estimates that the agencies did not like they were criticized for not having the right information and making wild guesses. I think it is very important that Congress insist that the information be made available and that people could use this information to make their own estimates. I think there is a natural tendency of regulators to be rather cautious in predicting a decline of the insurance fund that would increase the cost of the taxpayer.

Unquestionably, collecting and compiling data on financial institutions is difficult, and it is time consuming. I fully appreciate the sheer operating difficulties facing our regulatory bodies in this area. But the magnitude of this problem demands an extraordinary effort to collect that data and to distribute it freely and widely. If American taxpayers must foot the bill for resolving the thrift crisis, they have a right to know exactly how the effort is progressing, and they have a right to get that information on the most timely basis possible.

What data are available tell us some things. The available data suggest neither dramatic improvement nor precipitious decline in the condition of the healthy portion of the thrift industry since FIRREA's enactment last year.

A significant part of the thrift industry, of course, was badly damaged when the reform legislation became law, and it remains so. And the data suggest that the healthy portion of the industry is more or less holding its own.

I would say the key points are these: No. 1, of the 2,949 savings and loans operating across the country at the end of 1988, over 400 have now entered RTC conservatorship or receivership. These institutions formerly represented most of the weakest thrifts in America.

No. 2, of the thrifts still free of RTC control, roughly 20 percent are undercapitalized or insolvent, and roughly 20 percent, and mostly the same institutions, were actually losing money in their operating activities as of the end of 1989. No. 3, approximately one-third of the industry is squeaking by at the moment, but will probably need a capital infusion in order to survive over the long term. The bottom line of the resolution effort hinges in large measure on how many of these thrifts in this category ultimately survive and how many ultimately fail.

No. 4, approximately 1,200 well-capitalized thrifts appear to be doing fine at the present time.

Overall, the portion of the industry outside of RTC control showed slight improvement during the second half of 1989. I have included a table labeled "Table A," which depicts changes in capitalization levels for the 6-month period ending December 31, 1989, among thrifts not in the RTC receivership or conservatorship by April 30, 1990.

Approximately half of the thrift institutions outside of RTC control appear solid by any measure. These institutions are well capitalized, and over 90 percent are operating profitably. Some 93 percent had positive income from current operations in the last quarter of 1989, for example.

Yet, thrifts showing these strong financial characteristics hold only about 20 percent of thrift assets outside RTC control. The remaining half of the industry remains a focus of greater concern. Thrifts with less than 6 percent tangible capital hold approximately 80 percent of all thrift assets outside of RTC control.

According to data provided to the Banking Committee by the OTC, roughly a quarter of these thrifts were losing money on current operations as of the last quarter of 1989, with almost 90 percent of all losses occurring among thrifts with less than 3-percent capital. While occasional losses by well-capitalized thrifts should not cause concern, thrifts with little or no capital clearly cannot afford to lose much money for very long before becoming insolvent.

On the other hand, there is reason to believe that many thrifts below the 6-percent tangible capital line will survive, because while many are losing money, the overall condition of these thrifts is not declining precipitously. Many, especially among those institutions with tangible capital asset ratios in the zero- to 3-percent range have been maintaining or even improving their capital levels by selling assets, and turning the assets into cash, then, which is reflected in their financial statements.

Thus, the substantial increase that table A shows in assets held by thrifts with tangible capital ratios of 3 to 6 percent probably came about because several large thrifts with capital in the zero- to 3-percent range as of June 1989, had sold assets and graduated upward into the stronger 3- to 6-percent range by the end of the year.

Interestingly, table A shows no increase in the number of thrifts with capital between 3 and 6 percent, probably because an even greater number of thrifts moved out of the 3- to 6-percent category range up into the ranks of those with more than 6 percent tangible capital.

This process of selling assets to improve capital ratios results directly from the capital standards enacted in FIRREA. Its effect on the industry as a whole has been very good. During the second half of 1989, the tangible capital to assets ratio of all thrifts remaining free of the RTC improved from 3.62 to 3.76 percent. While that is not a big increase, it clearly is movement in the right direction.

Let me just say at this point, this is a lengthy summary that I am presenting today, and it covers all of the functional categories that I think require analysis as to how the savings and loan recovery effort is going. So I have indicated before that I will pause in the course of this delivery today to accommodate colleagues who have brief comments they wish to make, and I will ask that their comments, when I yield for that purpose, be put at the end or the beginning of my remarks so they will not be shown as interrupting my presentation.

I know that the majority leader himself may ask to speak a little on the Cambodia issue, and I note that my colleague from Massachusetts, just back from a wedding in his family, has asked if I will yield to him at this time for 4 minutes so that he might speak on the Supreme Court decision on the flag, to which others have spoken.

Mr. RIEGLE. Mr. President, continuing on in this section that relates to how we are doing with respect to the pattern of buildup of strength in the balance sheets of savings and loans across the country, there is another very important indicator of improvement in the health of the thrift industry since FIRREA's enactment, and that is the fact that the cost of funds for thrifts has dropped relative to the cost of funds for banks.

This was a real problem prior to the time we enacted the reform package. At that time insolvent thrifts in desperate need of cash were bidding up the cost of funds for the entire thrift industry making the cost of funds for thrifts much higher than for banks, as weakened thrifts enter regulatory control in increasing numbers and as the market gains confidence in the system the cost of funds for thrift institution has dropped significantly as compared to banks.

Table B in this report details changes in the cost of funds for thrifts relative to banks during the second half of 1989 and that table shows clearly that the cost of funds for thrifts decline relative to banks for almost every type of deposit with the amount of the decline increasing with the term of the deposit. Thus will thrifts typically paid 71 basis points more than banks on 12-month certificates of deposit back in August after last year before the reform bill was passed the spread had dropped to 36 basis points by May 30, 1990, a decrease of 56 percent, clearly meaning that we were meeting one of the objectives that the bill was designed to accomplish.

And table B in our presentation lays that out in detail by what category.

Overall, the limited data available suggest that the thrifts remaining outside RTC control are neither dramatically improving nor precipitously declining. About half of these institutions appear completely sound. With respect to the remaining half, the evidence is somewhat conflicting but seems to suggest, on balance, that the institutions are more or less holding their own for now. Whether this will continue to be true will depend, in large measure, on economic events and the quality of regulation by the Office of Thrift Supervision and by competent and efficient management of the individual savings and loan institutions across the country.

Under FIRREA, thrifts that fail to meet capital requirements must file business plans showing how and when they will achieve compliance. The OTS estimates that 673 thrifts still operating free of RTC control as of September 30, 1989, failed to meet their legal requirements for capital, and table C, which I am presenting in this report, shows how many thrifts file business plans and details the results of the OTS review process of those business plans. The table shows that while 98 percent of the thrifts required to file business plans have done so, many of the plans submitted have been unacceptable to the OTS. Roughly a quarter of the plans submitted are still under review or have been withdrawn prior to evaluation by the OTS. The OTS has actually rejected slightly over half, about 52 percent of the plans that it has finished reviewing.

Mr. President, I want to get into a discussion of the three new entities that had been established under the thrift bill. Those three entities are the FSLIC resolution fund, the RTC, and the Savings Association Insurance Fund, which is called SAIF. These three entities are to deal with past, present, and future thrift insolvencies respectively. While each of these entities is administered by the FDIC, they have distinct statutory responsibilities and cash-flows and it is appropriate to discuss each of them separately.

With respect to the progress of the FSLIC resolution fund itself, the reform law established the FSLIC resolution fund as part of the FDIC and gave it responsibility for winding up the affairs of thrifts that had been put into receivership before January 1, 1989.

Most of the fund's assets and liabilities are remnants of what are called FSLIC's so-called 1988 deals, including financial assistance agreements that were entered into between the FSLIC and acquirers of failed thrifts and legal claims against officers and directors of failed thrift institutions.

I think Members of the Congress and the press would do well to pay more attention to the FSLIC resolution fund than they have thus far because, although it is not as large as the RTC, the fund has extraordinarily large liabilities in its own right, and whether they are managed well or poorly will make a significant difference in the total cost of the thrift situation.

According to recent testimony of FDIC Chairman Seidman, the fund represented a liability of $54.9 billion as of December 31, 1989 including assets of $10 billion, promissory notes of $19.4 billion, asset loss coverage of $29 billion, estimated future interest payments on promissory notes of $16.1

billion, and $0.4 billion in miscellaneous other liabilities.

With respect to cash-flows of the FSLIC resolution fund, since the beginning of fiscal 1989 the fund and its predecessor, the FSLIC, have spent $20.7 billion, including $18.5 billion for losses on thrift resolutions and payments of assistance agreements and $2.2 billion for interest on notes given to thrifts as part of those agreements.

I have in the presentation table D set forth in detail the cash flows of the FSLIC and FSLIC resolution fund since the beginning of fiscal year 1989. Table D shows that 89 percent of the expenditures have gone to cover losses on thrift resolutions and payments on assistance agreements including those entered into by the old FSLIC in the course of its so-called 1988 deals. The balance of the expenditures has gone to pay interest due on FSLIC notes issued in conjunction with those assistance agreements; most, 58 percent of the funds to satisfy these obligations have come from the Federal Government in the form of Treasury appropriations and FSLIC notes. The remainder comes from a variety of sources has we have set forth in table D.

Chairman Seidman has recently estimated that the fund will need additional Treasury outlays totaling $26 billion by the end of fiscal year 1996 to meet its assistance agreement obligations. That sum could rise or fall depending upon changes in interest rates and real estate markets.

Now, with respect to a review of the 1988 deals, many of the assistance agreements that FSLIC entered into in the course of the 1988 deals permit the Federal Government to prepay high cost notes and take back assets otherwise subject to costly yield maintenance and capital loss payments.

In order to ensure that these options receive careful consideration, the reform bill requires the RTC to review the agreements and exercise any legal rights the Government may have to reduce its costs. That process has not yet begun, but the RTC has accepted bids from private firms on the task of reviewing the agreements. The RTC expects to receive advice from those firms and report to Congress by August.

Some time ago I asked the GAO to also undertake to examine in detail those 1988 deals. They are doing so, and they will be reporting to the Congress independently on the same subject.

Let me talk now about the progress of the Resolution Trust Corporation itself. To resolve current thrift failures between January 1, 1989 and August 9, 1992, the reform law established a new agency called the RTC, the Resolution Trust Corporation, and directed it to conduct its operation so as to accomplish five goals:

One, maximize returns from the sale of failed institutions and/or their assets;

Two, minimize the impact of asset sales on local real estate and financial markets;

Three, make efficient use of funds provided by the Treasury and Revcorp, in the end to establish financing for the RTC;

Four, minimize losses realized in resolving cases; and

Five, maximize preservation of affordable residential property for low- and moderate-income individuals.

With respect to the structure of the RTC, during its consideration of the reform bill, Congress repeatedly revised the statutory provisions governing the administrative structure of the RTC in response to requests of the administration. The final administrative structure, though unusual, is precisely what the administration requested.

It is important to note that many in Congress had serious reservations about the structure of the RTC, but, finding that the administration was unyielding in its view, we ultimately gave the administration the administrative structure it sought. Under the structure, the FDIC serves as primary manager of the RTC's affairs. Day-to-day management of those affairs is thus the responsibility of the FDIC's Board of Directors, doubling, as it were, as the Board of Directors of the RTC. The Chairman of the FDIC also serves as the Chairman of the RTC.

Policymaking for the RTC resides in the RTC oversight board which consists of the Secretary of the Treasury, the Secretary of the Department of Housing and Urban Development, the Chairman of the Federal Reserve Board, and two independent members. FIRREA requires the board to oversee and be accountable for the RTC. In extraordinary circumstances, the FIRREA reform bill empowers the oversight board to remove the FDIC from its position as manager of the RTC.

To accomplish its statutory mandate, the RTC must perform two essential functions. First, the RTC must "resolve"—that is the term of art that they use to describe this process—failed savings and loans by selling them in whole or in part to acquirers or by paying off their depositors. Types of resolutions are detailed just a little bit further on. And second, the RTC must dispose of whatever assets it retains after failed thrifts have been resolved—not an easy task.

Generally, institutions that remain open for business under RTC control pending resolution are said to be in conservatorship. Again, this is a term of art that is used and is important to understand with respect to how this process works. When the institution is resolved, whatever assets remain under RTC control are put into a liquidating trust called a receivership. The thrift resolution asset disposition functions are closely linked. The more of a thrift's assets the RTC can sell prior to or in conjunction with "resolving" the thrift—putting it into receivership—the smaller the quantity of assets remaining for sale in the receivership.

Most observers believe that, in general, the RTC can get better prices by selling assets from conservatorships, that is, in the first stage, than it can by selling them in the second stage from a receivership. This is because assets tend to diminish in value after they enter direct Government management. On the other hand, because most thrifts continue to incur operating losses after entering conservatorship, there may be considerable costs associated with delays in resolution.

Having laid all that out as a foundation as to how this process is to work, let me now examine the RTC's progress in resolving failed thrift institutions and how they are doing with respect to disposing of their assets.

In terms of the pace of resolutions, the RTC has been widely criticized for moving too slowly to resolve insolvent thrift institutions. The evidence suggests that such criticism is largely justified.

Figure 1 in the report details the pace of RTC resolutions from the enactment of FIRREA through mid-May of this year. I should note in fairness to the RTC that there have been several resolutions since mid-May that are not reflected in the statistics that I am able to report today.

For example, just last Friday, on June 8, the RTC announced the resolution of an additional 15 thrifts with total assets of approximately $4.5 billion. At the same time, the RTC announced three new conservatorships.

So although the pace of resolutions has picked up significantly in the past 60 days, I think it has to be said that it has been generally disappointing overall. In fact, the pace of resolutions actually declined from an initially low level immediately following FIRREA's enactment to a virtual standstill this past winter.

I would say the result of the RTC slow start is clear. Today the RTC's resolution caseload is significantly larger, both in terms of sheer numbers of institutions and in terms of assets, than it was upon FIRREA's enactment.

Figure 2, which I have presented, shows the evolution of the RTC's caseload during the period from October 1, 1989, through mid-May 1990, and through May 18 of this year. The RTC had resolved only 108 thrifts with total assets of $26.1 billion.

Meanwhile, between October 1 and May 18, the number of thrifts in conservatorship, that is the first stage,

awaiting resolution, grew from 256 to 302, and the assets held by those thrifts in that category went up from $102.3 billion to $162.5 billion.

The fact that there have been so few resolutions is especially disappointing in view of the RTC's choice of resolution methods. Under each of the resolution methods the RTC has used so far, the RTC has retained the problem assets of the failed institution.

That fact is very important, because when the RTC, again using this term of art, has resolved its entire caseload in this manner, most of its real work will still lie ahead of it. Thus far, the RTC has employed three different types of resolution procedures.

The three are described as follows. One, is the insured deposit transfer, under which the deposits of a failed institution are sold to an acquiring bank or thrift, and then the RTC retains the assets.

Second, are what are called payoffs, in which the RTC simply pays off all of the failed institution's deposit liabilities and retains the assets.

And third, is the classification of purchase and assumption transactions under which the acquirer of the deposits also assumes some or all of the assets. In theory, a purchase and assumption transaction can be either what is called a clean bank sale in which the acquirer assumes only the good assets of the problem thrift, or what is called a whole bank sale, in which the acquirer assumes both good and bad assets. Today all of the RTC's purchase and assumption transactions have been clean bank sales.

If you are able to follow the thrust of these definitional distinctions, it means that as these institutions are peeled off and go into other hands, the problem assets remain with the Government, and in effect the toughest part of the problem to solve is still with us, and is with us today. And I will have more to say about it as we go through this analysis.

Figure 3 in our report summarizes the RTC's use of different resolution methods through May 18 of this year. As of that date, the RTC had resolved 55 institutions through insured deposit transfers; 44 more institutions through purchase and assumption transactions, all of them clean bank sales; and 9 institutions through payoffs of depositors.

Although not the most common resolution method, purchase and assumption transactions account for 74 percent of the RTC's receivership assets; payoffs account for less than 10 percent of all resolutions; and barely 3 percent of all receivership assets.

The RTC's resolution effort has also been disappointing because much of its concentration is on small institutions. Most of the institutions that the RTC has resolved through May 18, 1990 were very small. For example, 61 percent of the thrifts resolved had less than $100 million in assets and fully 82 percent had assets of less than $200 million. That is actually quite a small size, given the nature of the institutions and the full scope of the problem.

Indeed, the average size of resolved thrifts is less than half the average size of thrifts currently in conservatorship awaiting resolution. Because large institutions are significantly harder to resolve than small institutions, these facts do tend to show that the RTC is making relatively little progress in the more problematic portions of its caseload. So figure 4, which we have presented, breaks down the RTC's resolutions through May 18 by size of institution.

On April 12 of this year, the RTC oversight board approved an RTC plan to accelerate the pace of resolutions significantly.

Under this plan, the RTC will borrow up to $45 billion in working capital from the Federal financing bank. These moneys, combined with moneys available through REFCORP, which are approximately $3.5 billion more, should be used to resolve an estimatd 141 failed thrift institutions in the second quarter of 1990. This is what has been talked about by Chairman Seidman himself and has highlighted his intention to want to try to move through that batch within that timeframe.

Banking Committee staff analysis of information released by the RTC suggests that the pace of resolution has in fact picked up during the second quarter pursuant to the oversight board's plan. Between March 3 of this year and May 18, the RTC resolved 54 thrifts with assets of some $7.7 billion.

I should note again that these statistics do not reflect resolutions that have occurred since mid-May. But while there may have been additional resolutions since then, it still appears that the RTC has in general continued to focus its resolution effort on smaller institutions and continued to retain virtually all of the problem assets of the resolved institutions, and it is important that we understand that.

With respect to the pace of asset disposition—this means the task of getting rid of the assets taken back from the failed thrifts—the RTC has also been widely criticized for the slow pace of its asset disposition effort, particularly with respect to its real estate assets. Here, too, the criticisms appear to be generally valid.

Although the RTC has actually disposed of a large quantity of some types of assets during its 9 months of existence, it appears to have focused its asset disposition efforts thus far on the easy sales. Failed thrifts normally hold a wide variety of assets, but the heart of the RTC's asset disposition task usually consists of problem real estate and problem loan assets held in receivership following the resolution of failed institutions. These kinds of assets tend to be less liquid and many of the real estate assets are in geographic areas where real estate values are badly depressed, and an overhang of unsold properties now exist.

There are no current data concerning the quantity of such assets that the RTC will ultimately control, but available evidence suggests the amount will probably exceed $100 billion. It is a very sobering number.

As of March 31 of this year, 92 percent of the RTC's assets were in conservatorships. Performing loans, which were predominantly one- to four-family mortgages, comprise 50 percent of the RTC's assets. The delinquent loans and real estate owned jointly comprised 18.3 percent of the RTC's assets, or about $30 billion.

Significantly, no current data seems to exist on the composition of the RTC's portfolio of real estate owned. We put in table E, which provides further detail on RTC's asset portfolio as of March 31, 1990.

Although a total of $173.1 billion in assets were under RTC's management, the RTC had by that date actually taken control of institutions whose assets had a total book value of some $215 billion. The difference, $41.9 billion, represents assets already disposed of by the RTC as of March 31, 1990.

We have presented table F which partially details the RTC's asset disposition record through that date. The raw numbers in table F should not create a false impression that the RTC has made substantial headway in disposing of its enormous asset portfolio. In fact, the RTC's progress in this area has been extremely limited. The raw numbers are misleading for three reasons:

First, while the heart of the asset disposition job is problem loans and problem real estate held in receivership, the lion's share of sales thus far involve conservatorship assets.

Second, the RTC has concentrated on making easy sales first. The overwhelming majority of sales to date appear to consist of performing loans and securities held in conservatorships, obviously much easier assets to sell.

Third, many and perhaps most of the receivership assets that have been sold to date are believed to have been sold under terms giving the acquirer an option to put them back to the RTC at a later date. An unknown but possible large percentage of such assets may, accordingly, return to the RTC's books in the months ahead. It is important that that be flagged and that we not assume that the job is done in that area either.

So the bottom line of this is that the unfortunate truth is that the RTC has

barely started on its real asset disposition job. That is just stating a hard fact. That is not to suggest that there are not able and well-motivated and hard-driving people at work trying to get it done. I do not make that suggestion, and I am not here today to leave that inference, but only to say it is an enormous job, and we are started on it, but it is a modest start, and there is an enormous task ahead.

In sum, the RTC's thrift resolution and asset disposition efforts to date, I think, have yielded disappointing progress. At least two factors, in addition to what I have mentioned, may have contributed to the slow start. You have obvious organizational difficulties associated with starting a massive job of this scale from scratch; and, No. 2, I think a failure to develop and implement specific goals and timetables for thrift resolution and asset disposition.

Having said that, I again want to say that it is one thing for everybody who is on the outside looking in trying to assess this and evaluate it and decide what kind of progress is being made, and it is altogether different and infinitely more difficult for the person or persons inside who are charged with the obligation of getting on top of this thing and putting the procedures in place and grinding out the work and getting it done and getting it done competently. That needs to be said as well.

RTC recently announced new initiatives that may accelerate the asset disposition. For example, RTC plans to conduct an auction of up to $300 million in real estate in mid-September. Approximately 100 properties will be sold, and the auction will feature only properties worth more than $1 million. This auction will be conducted by satellite from a central auction site, and it will be downlinked to 10 U.S. cities and also to London and to Tokyo. This is an experiment, and I expect there will be a massive marketing effort to alert all potential bidders in advance of the auction.

Also, recent reports indicate that RTC is exploring options for large bulk asset sales, transactions that might move as much as $500 million in assets at once. Many experts believe that the RTC will probably have to turn to bulk sales in order to make serious progress toward reducing its asset portfolio. I should say no such sales have occurred to date. This is awfully important to all of us who are citizens of this country, because this represents assets that we now own.

Whether they are real estate assets, buildings, land, whatever they happen to be, because of the nature of the insurance fund guarantees and so forth, we now have taken these assets into the control of the Government, and they belong to us; therefore, their value is our value. So we want to make very sure that we not only achieve full value in selling off these assets, but we want to make sure that it is done fairly. We do not want anybody finding a way through a back door or a side door to get some special deal that is not available generally to anybody on a fair basis.

We want to make sure that the assets are disposed of in a way that does not create huge market problems out there that are unattended. That is a very important consideration to have to weigh. We want to make sure that, in the process of handling and disposing of these assets, not so much time is taken that the assets are not well tended in the meantime, particularly buildings which can run down and get into disrepair, and their value can fall simply because there are so many properties to keep track of, we are not in a position to look after them sufficiently. So you can have all value disappear in that form. Any value that disappears is disappearing right out of our pocket, in terms of we being the taxpayers of this country. So we obviously need as competent an effort as can be put together, given the scale and the enormous complexity and the unique nature of this particular task. So these are some of the factors that are at work here that I think need to be emphasized.

With respect to RTC cash flow, through March 31 of this year, RTC had received 59 percent of its funds, $18.8 billion from Treasury appropriations. The next largest source of funds was REFCORP bonds, which provided $9.5 billion and 30 percent of the RTC's funds.

RTC spent $16.2 billion, or 51 percent, of its cash flow to acquire assets of failed thrifts; $7 billion to make advances to thrifts in conservatorship for liquidity and replacement for high cost reposits, adding up to $12.6 billion; $9.2 billion was paid for insurance losses; administrative expenses amounted to some $100 million. Table G provides further detail on the RTC's cash flows through March 31, 1990. The Oversight Board's decision to use borrowings from the Federal financing bank as working capital to resolve 141 thrifts during the current quarter to change the RTC's cash flow picture significantly.

If it meets this target, RTC will spend an additional $19.1 billion on insurance losses and $32.5 billion on asset acquisition by June 30 of this year. When you think about it and you think about the date today, June 11, and are talking about, by the end of the month, a plan to expend essentially $50 billion just in this one area and on the items I have just described. Working capital borrowed from the Federal financing bank will provide virtually all of the funds for this operation. The Oversight Board plans to use only $3.5 billion in REFCORP funding issues.

With respect to REFCORP financing to provide the RTC with funds to cover insurance loss and failed thrifts, FIRREA authorized REFCORP to issue bonds with an aggregate principal value of $30 billion. Pursuant to this authority, REFCORP has conducted three auctions to date issuing bonds with the total principal amount of $13 billion.

Although the bonds sold in REFCORP's first auction had a 30-year term, REFCORP subsequently switched to auctioning bonds with 40-year terms. The longer maturities appear to have reduced slightly the interest rates necessary to sell the bonds. Nevertheless, and I point this out particularly to the Presiding Officer in the Chair, the average interest rate of REFCORP issues to date, 8.52 percent, significantly exceeds administration projections of an average of 7.65 percent rate. Should REFCORP's future issues carry the same average interest rate—we have no way of knowing what they will be until they occur—then REFCORP's total interest costs will exceed administration projections by about $300 million a year, or $12 billion over the life of the bonds if REFCORP continues to use 40-year maturities.

Table H details the results of REFCORP bond options to date on the subject of working capital and the budget process and this has become an issue now on the table in the budget summit.

Working capital is used when the RTC pays off the deposit liabilities of an insolvent thrift before selling all of its assets. Originally, the administration planned to use only about $10 billion in working capital, an amount initially included in its $50 billion request to the Congress for the RTC. During the legislative process, however, it became clear that much greater amounts of working capital would be needed in order for the RTC to move quickly to resolve cases without facing temporary cash shortages. Accordingly, the reform law gave the RTC relatively open-ended access to working capital, requiring only that the total working capital borrowings not exceed 85 percent of the RTC's assets. And Congress imposed the 85-percent cap to give the Treasury some protection against possible declines in the value of these RTC assets.

Although the administration originally contemplated off-budget financing for working capital, it eventually elected to use the Federal Financing Bank. I think that was a wise choice because this is a cheaper and more straightforward method of raising working capital. However, because of the rigid Gramm-Rudman rules, it creates some difficulties.

The CBO expects $24 billion in Federal Financing Bank working capital this fiscal year and an additional $31 billion next year. Increases in provisions for RTC's permanent spending will probably increase those estimates, ultimately resulting in perhaps $80 billion to $100 billion in working capital borrowings. As the amounts rise, the budget deficit will increase as the accounting would normally be done and make the Gramm-Rudman-Hollings restrictions even harder to meet. Then, conversely, in later years, the RTC conduct in this area will cause the deficit to fall as it is in the process of selling a greater volume of assets and beginning to repay its working capital borrowings.

For this reason, and others, it is my own view that the RTC's working capital borrowings should be exempted from calculation of the deficit under Gramm-Rudman. I do not think that we should be in a situation where we have to cut programs or raise taxes at a particular time simply to buy and hold for the time being the assets that the Government intends to then turn around and sell just as quickly as it can.

Let me speak for a minute about the progress of the Savings Association Insurance Fund. This is the new insurance fund that has been created to replace the old insurance fund that went out of existence.

To resolve thrift failures after August 1992, FIRREA established a new deposit insurance fund for the thrift industry, called the Savings Association Insurance Fund [SAIF] called, of course, the SAIF fund. Although SAIF will eventually be funded out of deposit insurance premiums, for the present those premium dollars go first to meet interest obligations—I know this is complicated—on FICO bonds, next to meet interest obligations on REFCORP bonds, when Federal Home Loan bank moneys are unavailable for that purpose, and then only finally into the SAIF fund to provide a future deposit insurance fund against future losses. As a consequence, only about $100 million in deposit insurance premiums has gone into the SAIF fund thus far, and that money will ultimately be turned over to the FSLIC resolution fund.

What is this whole thing going to cost? I have taken the time to lay all of this out because we have to have a well-understood benchmark that is out there in the clear light of day that we can all key off and use as a measure of progress we are making and whether or not we are meeting the objectives and thinking through any changes or corrections in our process that we need to make as we go along.

In that vein, one of the simplest questions to ask about the savings and loan resolution effort turns out to be one of the very hardest to answer; and that is when we get through with all of this, how much is it going to cost us to finally and fully resolve this problem?

Table I that we have laid out here details some of the numerous estimates of resolving the entire thrift crisis. This is a very important table. It takes an entire page. That table makes clear that there has been rampant confusion about the bottom-line cost of the thrift problem and really helps illustrate why. It helps make clear that some of that confusion can be explained by the very nature of the different estimates. Analysts produce different estimates of the problem in response to different questions. Subsequently, those estimates develop a life of their own often quite apart from the questions that they were originally intended to answer when they were put together.

For example, estimates of net public outlays are not comparable to estimates of cash outflows, nor are present-value cost estimates in any way comparable to estimates that include interest payments that are paid out periodically cumulative over the 40-year period. And obviously, estimates of a 10-year cash outflow pattern are not comparable to estimates of a 30-year cash outflow pattern. But, unfortunately, all kinds of estimates are routinely made and then confused one with the other. So I have laid out in this table a variety of these estimates indicating why each one is different from the other, based on the nature of what that particular estimate is designed to try to represent.

To cut through all of that, when the administration originally presented its plan for resolving the thrift crisis to Congress, it put the price tag at $40 billion. That figure, it is fair to say, was greeted with widespread skepticism. The administration responded by revising the estimate somewhat during the legislation process. Even so, many others continued to criticize the estimate and many in Congress expressed the concern that more funds would be needed.

In fact, as we were completing legislative work on FIRREA last year, I asked both Secretary Brady and FDIC Chairman Seidman to go back and take another look and reconsider whether the moneys provided by the bill were still going to be sufficient and suggested the data that the FDIC had already given us at that time would have been before we finished the legislation. That indicated to many of us up here that perhaps Congress should provide an additional $25 billion to $50 billion at that time.

They both maintained at that time, in response to those questions, that the $50 billion figure would be sufficient and they so stated in an exchange of letters that we had at that time, which are part of the public record. They are there for review by anyone who wants to take a look at it.

During consideration of FIRREA, it became common to speak in terms of 10-year cost of the resolution effort, a type of estimate with 2 major parts; one being the Federal deposit insurance losses plus 10 years of payments on the financing of those losses. Various 10-year estimates have circulated, most of them derived from OMB projections.

Although the 10-year cost estimates have been widely used, I really think in many ways they are misleading because including interest expenses for only the first 10 years, but not the full 40-year term of the financing, yields a figure that is neither an accurate indication of total payment over the years nor a meaningful basis for comparison with other Government programs.

The economic assumptions underlying the OMB original resolution costs were widely criticized at that time. OMB's estimates were also faulted for excluding significant costs; for example, tax losses the Treasury will incur by virtue of the FSLIC's 1988 deals. A lot were predicated on special tax advantages. That is a reason many did not like them, and are skeptical about them to this date.

In reviewing OBM's estimate after FIRREA's enactment, both CBO and later GAO concluded that RTC was underfunded by tens of billions of dollars. Even so, until recently, the administration declined to produce a more realistic estimate.

On May 31, just days ago, the FDIC and Treasury Department released analyses of different components of the total resolution costs. The administration attributed the need for a revised estimate to general decline in regional real estate markets, limited demand by potential acquirers of thrift assets and liabilities, higher interest rates than originally expected, and unexpected junk bond losses.

Taken together these analyses represent the administration's first comprehensive estimate of total resolution costs since August of last year in 1989.

Now, we have put in the report table J which summarizes the administration's latest estimates.

And although the administration made an effort to downplay the extent of its departure from its past estimates, in fact its new estimates significantly exceed the highest comparable estimates produced by anyone thus far. Indeed, Federal Reserve Chairman Greenspan noted in testimony before the Banking Committee that on a present value basis the administration's cost estimate now exceeds the previous high estimate that we heard, namely one which had been advanced by the General Accounting Office.

The administration's new estimates of the funds that will be needed by the

RTC are more than double the original estimates and on the order of double what the reform law provided. That, of course, does not mean that the problem is twice as large as it was a year ago. It does mean that we are seeing the final acknowledgment of the problem's true magnitude. I commend the administration for coming in with the revised numbers.

This is not an exact science going back to last year. And whatever forecasting mistakes might have been made or whatever assumptions that might have been made at the time that were not necessarily the best ones to make or have changed dramatically, it is very important that the facts be put on the table when they are known. That has happened now with the presentation of the Treasury Secretary about 2½ half weeks ago, 3 weeks ago. And it is very important that those facts be out there. So I, for one, feel much better about the fact that we are getting revised estimates that seem to be a much more accurate reflection of what the full size and scope of this problem is.

The fact that last year's bill did not provide the amount of funding that is going to be needed in total here has not been a cause for any delay up until this time in implementing the legislation. In terms of its cash operating needs, the RTC appears to have plenty of money available to meet its immediate operational needs. But as we move down through this problem, Congress will have to act probably later this year to provide additional funds.

In presenting the revised estimate of RTC cost to the Banking Committee, Secretary Brady suggested two alternative approaches to funding the resolution effort: Either provide a sufficient specified amount of funds to cover all or some of the remaining losses or, in the alternative, provide the RTC such sums as may be needed to complete the job. My own thought is that the latter blank check approach would be dangerous and I think inconsistent with our oversight responsibilities here in the Congress. So I would urge my colleagues to weigh the pros and cons very carefully before signing any such checks.

I want to talk for a bit on the efforts that are underway to try to bring to justice the people that have engaged in savings and loan fraud.

On the 6th of January of last year when President Bush went on national television to announce his plan to deal with the thrift industry, he said at that time "Unconscionable risk taking, fraud, and outright criminality" were major factors in creating the industry crisis. And he was correct in saying that. The President promised that his administration would "make every effort to recover assets diverted from S&L institutions and to place behind bars those who have caused losses through criminal behavior." I know George Bush, and I know he means that. So I take those words exactly as he stated them, based on my belief in his commitment to achieving that goal that he stated on that day.

Three days later, after those remarks in February of last year by the President, Attorney General Thornburgh told the Banking Committee that fraud and insider abuse "are believed conservatively to have been involved in 25 to 30 percent of the savings and loan failures." I am going to say later in this report that we are going to see from 1985 on at least 1,000 savings and loan institutions failed, those that have failed and failed in the future will be at least 1,000 in my view maybe up closer to 1,500. But using that benchmark figure, let us say a minimum of 1,000, if we use the Attorney General's estimates here 25 to 30 percent of the failure would involve some manner of fraud or insider abuse, that would mean 250 to 300 of those 1,000 institutions would show that kind of a profile.

The Attorney General went on to say that day that the President's comprehensive plan to deal with the savings and loan problem called for a $50 million increase in the budget of the Justice Department precisely to get at that problem, the fraud in the savings and loan industry. The Attorney General said the increase, and again I quote "could be used to provide on the order of 200 new investigators, over 100 new prosecutors, 30 or more new attorneys, plus additional support personnel to strengthen the enforcement of criminal and civil laws concerning financial institution fraud."

In order to enable the criminal and civil justice systems to cope with increases in financial institution fraud, Congress included in the reform bill several very important provisions to strengthen the ability of regulators and prosecutors to discover, stop, and punish fraudulent behavior. A lot of these things, while they have been in the law now for nearly a year, are still not known generally outside of a handful of people who would read the law or be charged with carrying it out in this area. But, for example, the reform law of last year increased to 20 years the maximum prison term for each count of financial institution fraud and directed the U.S. Sentencing Commission to establish guidelines insuring a substantial period of incarceration for such crimes. It also sought to enhance recovery of ill-gotten gains by providing for civil and criminal forfeiture of any property, real or personal, obtained by defrauding financial institutions.

And in one of the most important provisions, we extended the applicable statutes of limitation from 5 years out to 10 years to provide more time to carry out the investigative work and conduct the prosecution of those who had been found to have looted savings and loan institutions.

So we can reach back now to much over that 10-year timeframe, once we have identified it, in order to move in and deal with that particular problem. Those were very major changes in the law. But for that to work, because these are very complex cases and time has elapsed which makes it more difficult in some of those instances to reconstruct exactly what would have taken place, you obviously have to apply very serious and ample and adequate investigatory resources to get the job done.

So again, in the original proposal that we got last year from the administration in order to move into this problem area, they asked us to authorize $50 million a year each of the 3 years following the enactment of the bill, $50 million the first year, $50 million the second year, $50 million the third year, to add these additional resources in terms of lawyers and prosecutorial capacity to go out an catch the crooks in effect.

We took a look at that and we decided that was a good start but it was not enough, and Congress decided to beef up the amount of money. And we did not beef it up by a little, we beefed it up by a lot. We increased it by 50 percent. We took it up from $50 million to $75 million for each of the next 3 years: $75 million, $75 million, $75 million the third year. That is what we built into the law.

In addition, to top off that, we authorized an additional $10 million to give the Federal Judiciary new resources to handle the growing savings and loan backlog of fraud cases that was building up within the court systems. Because it is not enough just to go out and put the cases together and bring forth the prosecution. You have to get them into court and the courts cannot be so jammed up with other activities that you cannot go ahead and prosecute the cases. So we put $10 million in to help beef up the judiciary systems so we would have the judges and the capacity to go ahead and grind through these cases.

Notwithstanding the higher authorization levels that we put in, higher than had been asked for, the administration in turn requested and received not the $75 million that we had provided in the law, but only slightly less than $50 million, actually $49.179 million, and that money went as follows: $25 million, roughly, was allocated to the FBI to pursue these cases; a little over $20 million was allocated to—almost $20.9 million—the U.S. attorney's offices throughout country to go out and examine these cases; $2.6 million to the Criminal Division of the

Justice Department, and $678,000 to the Tax Division.

But beyond that, the administration has actively resisted the efforts that had taken place in the Congress by many to appropriate the additional funds and get up to the level that was actually set out in the law to go after these fraud prosecutions. In fact, here on the floor, just as recently as April 30 of this year, Senators WIRTH, DIXON, SASSER, SIMON, PELL, and myself proposed an amendment to the emergency appropriations legislation to provide the Justice Department an additional $19.1 million to add to what they have so they can really speed up the efforts with respect to tracking down this fraud in the thrift industry.

The administration opposed the request and I am sorry to report that that effort to add that money failed here in the U.S. Senate. So we are still searching for other legislative vehicles to which we can add more money to use to track down and to bring to justice those who have engaged in fraud and other illegal activities.

I have to also say within our budget procedures, very often we are in legislative circumstances on the floor where we have to provide an offset. In other words, if we want to spend money on something like this, beefing up the number of people out tracking down savings and loan fraud, we have to take the money from some other category of Federal spending.

So sometimes it is difficult in a given bill to find an area from which to take the money in order to put it over into an area that we think is more important. So that is part of the difficulty, of being able to provide this additional money.

But the cold fact of the matter is that if this place decides it wants to go out and spend the money to track down the fraud and undertake to recover the assets that are out there to be gotten and recouped, we can figure out a way to do it. Obviously, we have to have the administration with us. We cannot make them do it. They have to want to do it. And, hopefully, they will.

I do not know this issue is even one that has been discussed at all levels of the administration. I have no way of knowing one way or the other. But, clearly, it is one they ought to take a look at because we ought not to have any difference of opinion on this. We ought to fully fund the authorization level that is in the bill. When the President signed the bill in the Rose Garden, that part was in the bill just like every other part. The $75 million a year for each of the 3 years is there for a reason and we ought to spend evey dime of it.

The important thing is if we spend the money, we are going to get it back. We are going to get it back because we have already had information that indicates that the best estimates of the people that have to conduct the investigations is they feel they can recover more money than we will actually spend to go out and do the work. Plus we will have brought to justice the people who defrauded the system. And it is very important that that be done.

The Department of Justice has actually given us estimates in that area and they have suggested potential recoveries through criminal prosecution substantially exceed the $75 million that we are speaking about here, which is the amount we should be appropriating, I think, certainly at a minimum. In fact, in a letter dated June 12, 1989, Assistant Attorney General Carol Crawford reported that when the Justice Department asked the U.S. attorneys to estimate the amounts stolen and amounts potentially recovered under savings and loan fraud cases investigated by their offices, those responding estimated gross receipts from fraud totaling $5.8 to $8 billion, and potential recoveries of $89.6 million.

So they, themselves, talking about the people out here that are closest to these cases, putting these cases together, actually believe in their best professional judgment that if they go after these cases they can recover nearly $90 million. So if we spend $75 million and we get $90 million back, we are actually $15 million to the good. In fact, we will have done what needs to be done, and that is we will have brought a lot of people to justice as well.

That reflects only the cases under investigation by the U.S. attorneys, according to the Justice Department's letter to us, as of the spring of 1989. I think those numbers probably significantly underestimate both the amounts stolen and the amounts that could be recovered.

So there is, I think, an open-and-shut case that we ought to be investing the full amount of money to get this particular job done. I should also add, we have put in here a table, labeled table K, which shows selected trends in bank and thrift fraud prosecution over the past several years and that table demonstrates the law enforcement activity surrounding bank and thrift fraud is increasing, by every available measure.

So this is not something that is incidental, it is something that is central to the work that needs to be done.

I must also say the Department of Justice has been very straightforward in indicating that they do not have the resources they need to manage their savings and loan fraud caseload. Testifying recently before the Senate Appropriations Committee, Attorney General Thornburgh recently indicated the Department's resources are inadequate to handle a current backlog of more than 1,300 major fraud cases against thrifts and their officers and directors, apparently notwithstanding the additional funds that FIRREA has provided.

Similarly, the Associate Director of the FBI recently testified before a House committee that the Bureau needs—and he was specific about it—224 new FBI agents, it needs 113 U.S. attorneys and 14 support staff to followup on its increasing financial institution fraud caseload.

Despite these expressions of need, however, we see opposition to the additional hiring coming out of the Department. So I do not know whether that is OMB reaching in or what it may be that is going on. But I think we have to solve the problem of getting the resources, an adequate amount, into place so we can do this.

Already, the Justice Department has used the FIRREA funds that were made available to create positions for 155 new FBI agents and 115 assistant U.S. attorneys. This hiring falls significantly short of hiring objectives set forth by the Attorney General in his testimony before our committee. The indications were back in February 1989 that the $50 million authorization would permit the hiring of 200 investigators, and 100 prosecutors, and 30 additional attorneys.

I might say, too, as of mid-March—maybe the data has somewhat advanced, this is the latest we could get—only 68 of the 118 new U.S. attorney positions had been filled as of that date, which is mid-March 1990.

All of this is not to say it is easy. I am not suggesting that. I think this is miserably difficult work to accomplish, especially when you are dealing with a problem that went largely unattended for the better part of a decade. I think the people who are charged with getting this work done are working as hard as they know how to work. So I am not suggesting anything to the contrary. But I am saying it is appropriate for us to ask and answer the question: Are we supply sufficient resources to the problem? I think it is clear in this area we are not.

So until we get the resources up to the level I think is appropriate, we are not going to get the kind of results we otherwise need and could be getting.

I want to talk a little bit about filling the key positions on the resolution team.

FIRREA established several new organizations to administer different aspects of the savings and loan recovery and rescue effort, to oversee the activities of these organizations by reestablishing a variety of new boards and positions, provided that some of these positions could be filled by existing officers of the United States. There were nine newly established positions, however, requiring Presidential appointments. Table L, as it is labeled, indi-

cates the composition of different administrative bodies established and modified by FIRREA and indicates how many appointments came from that.

(Mr. BINGAMAN assumed the chair.)

Mr. RIEGLE. Mr. President, of the new positions created by FIRREA, four are especially key to the savings and loan rescue office. They are the director of the Office of Thrift Supervision, the two independent members of the RTC oversight board, and the new independent member of the FDIC board.

Anybody who has followed this knows that the initial progress in filling the new positions was very slow. The Senate received the first Presidential nomination for the position of RTC inspector general on February 20 of this year. That was 195 days after the President signed the bill into law. Since that date, however, additional nominations have been steadily forthcoming. Four of the nine positions established by FIRREA, including all four of the key ones I enumerated, have not been filled. Two nominees for the Federal Housing Finance Board and one for the FDIC Board are in the pipeline. The President has yet to nominate individuals for two vacant positions on the Federal Housing Finance Board. So I have put together a table labeled table M which details the President's progress in filling these positions and the record of Senate action on the President's nominations.

In general, the Banking Committee and the full Senate have acted very swiftly on these nominations. On an average, the Banking Committee has reported on the President's nominations within 14 days of receiving it. That means the hearing has to be held, the hearing record has to be established, all of the records, the submissions, confidential statements, and so forth, have to be reviewed before that can happen. Confirmation by the full Senate has on average occurred within 19 days after the date of nomination.

These statistics, I should say, exclude the two pending nominations to the Federal Housing Finance Board and that is for a reason: because committee actions on those nominations has been slowed, first, by delays in submitting the standard background papers to accompany the nominations and, second, by a dispute which is at this moment still unresolved over whether FHFB board members receive full-time or part-time appointments. That is a very important issue. As I say, it is not yet resolved.

Let me now touch on some of the current issues that are important to have in mind. I want to get into the minds of my colleagues and other serious persons who are following the implementation and impact of this new law. In the months since the enactment of the legislation in August of last year, there have been numerous calls to amend the statute in various ways. Throughout this period, the administration has continued to support the bill as enacted and to oppose efforts to amend the bill. I find myself very much of the same view as the administration on that point. Thus, at the Banking Committee's oversight hearing on the RTC on May 23 of this year, just a matter of 3 weeks or so ago, Secretary Brady testified as follows. It is very important that this be emphasized.

I asked the Secretary the following—and I quote right from the committee testimony.

Secretary Brady, Mr. Taylor just said a minute ago in response to Senator D'Amato that he did not think we needed any changes in the FIRREA legislation, at least at this time. Obviously, the money question is a different story. You are here and you indicated you are going to need more money. But do I take it that your view is the same as Mr. Taylor's, that you are not asking us to go in and open up the legislation in terms of other substantive changes to that legislation at this time; is that right?

He responded as follows:

That is correct. We are not asking for a change in the legislation, Chairman Riegle. It has been on the books less than 10 months now. We have plenty of work to do in making the system work as it is.

I then followed with this question.

I take it that that also means that you feel that you have what you need to work with within the structure of the legislation in terms of carrying out this assignment; is that right?

Secretary BRADY. That is right, excepting the money question which you talked about.

Of course, we know that is a different category and additional action is going to be required there, as I have discussed earlier today.

A similar exchange took place about 3 weeks ago on May 23 when Robert Glauber, who is Under Secretary for the Treasury for Finance and one of the principal architects of the administration's FIRREA plan, testified before the Banking Committee on the safety and soundness of Government-sponsored enterprises. So I asked him this question, too, because he is a key player on this matter within the administration. I want to put that exchange in the RECORD as well. So I said as follows to Mr. Glauber:

Some people are suggesting that there are some things that need to be adjusted in the FIRREA legislation and that whether it is to open the package up to do one thing or two things, that the time may be here to revisit the legislation this year and make modifications to it. I am wondering what your view is on that. Do you think the bill ought to be opened up this year.

Mr. Glauber responded:

We would prefer to see it work for a while before it is opened.

The CHAIRMAN. Then the administration has no specific recommendation with respect to changes in the package?

Mr. GLAUBER. At this time, that is correct.

I then went further and said:

Is it your view generally that the package seems to be working more or less as you intended; are you reasonably satisfied with it? I know there have been some problems with respect to getting all of the slots filled, so forth, but with respect to the mechanics of the legislation itself, is it working more or less as you anticipated?

Mr. Glauber responded:

I think there have been some things that have been perhaps unanticipated, but we think that is in a framework that can be made to operate and operate effectively, and we would prefer to operate within its framework.

Then David Mullins, who is another primary architect of FIRREA, in the Banking Committee at its March 23 hearing on his nomination to be a member of the Federal Reserve Board of Governors, made the following comment. We had a little exchange on this issue and he said:

I feel that FIRREA is a good law. I think it is the right approach. I think the administration made a good proposal and the Congress improved upon that proposal. The implementation has not gone as quickly as many would have liked and as I would have liked, but I think that really reflects the difficulty in the task rather than the legislation itself which I think is basically sound and the right approach.

Mr. Mullins is now on the Federal Reserve Board.

Notwithstanding these continuing endorsements of the administration of the package as is, I think it is fair to say that a number of the provisions have remained controversial since the statute's enactment. In both the Senate and the House, we have heard occasional calls to amend these provisions. While each Member here must make an independent judgment whether such amendments are in order, I urge my colleagues to make such decisions on the basis of very careful evaluation and with reference to the reasons that these provisions became law in the first place.

Let me now discuss three of the most controversial features of FIRREA: Its capital standards, its restrictions on loans to one borrower, and its qualified thrift lender test.

Concerning capital standards, absolutely key to stopping the abuses of this industry and getting it straightened out and keeping it on a sound footing for the future, unless a thrift has adequate capital, its own capital in the company and at risk, it is vulnerable to loan losses and other setbacks are likely to cause problems for the deposit insurance fund. History shows that institutions operate more prudently when greater amounts of shareholder capital are at risk in the event of significant losses. Treasury Secretary Brady said it very well when he

testified on February 22. He said: "Deposit insurance simply will not work without sufficient private capital at risk and up front." He is dead right.

Accordingly, FIRREA requires thrifts to meet three important capital standards.

They are complicated, but they are necessary and they are in there for a reason. First is the leverage limit under which core capital must be at least 3 percent of total assets. Second, the tangible capital requirement under which tangible capital must be at least 1.5 percent of total assets. And third, the risk-based capital requirement under which core capital must be a certain percentage of risk-weighted assets. And these standards must be no less stringent than the capital standards for national banks. And that was to jack up the weak standards, the weak capital standards in S&L's, and get them up to a higher level comparable to the higher levels that otherwise were in existence in the banking system.

The key element of core capital is the equity interest that a thrift's common shareholders have in a thrift which means certain preferred stock in addition to interests in unconsolidated subsidiaries which are also included. Supervisory goodwill—created when regulators arranged for the acquisition of failed or failing institutions may also be treated as core capital to a limited extent up through 1995, and then that, too, ends.

Between now and 1991, a thrift that fails to meet the capital standards must submit a capital improvement plan acceptable to the OTS—those are those business plans I referred to earlier—and they have to support any asset growth. If they want to get bigger, they have to match it with increased capital on the other side, and the OTS has discretion to restrict the growth of the thrift if it does not think the capital is there to support it.

Beginning January 1, 1991, the OTS must restrict the asset growth of any thrift that fails the standards, and growth will be permissible then only in low-risk assets, and then only if fully supported by increases in capital.

That is the way we are tightening down and raising the standards and bringing this industry back into a position where it ought to have been all the way along.

The OTS promulgated the new capital regulations required by FIRREA on November 8, 1989, and those regulations took effect on December 7 of last year.

FIRREA's capital standards have ended the longstanding pattern in which sick thrifts grew rapidly by paying high-interest rates, normally above-market interest rates, for deposits, often brokered deposits, and then turned around and used the proceeds to make high-risk investments, and covered up any resulting losses with creative or inaccurate accounting.

Since FIRREA was enacted, undercapitalized thrifts have had to shrink their assets and deposits in order to increase their capital ratios. There is no evidence that the new capital standards are hurting healthy, well-managed institutions. I think, on the contrary, all thrifts have benefited from a drop in the cost of funds, as data that I presented earlier in this analysis made clear.

The drop in the cost of raising the money makes healthy thrifts more profitable and reduces the losses of unhealthy thrifts, and it far outweighs the two basis point increase in thrifts' deposit insurance premiums required by the reform bill.

I should say that the OTS is developing additional risk-based capital regulations that take into account the interest-rate risk in thrifts' portfolios. And while no specific proposal has been floated to reduce capital standards, I would, speaking just as one Member, strongly urge my colleagues to resist any pressure that may arise to reduce these capital standards.

Let me talk about loans to one borrower, because this has become a hot issue. FIRREA generally requires thrifts to follow the same rule that has long prevented national banks from lending more than 15 percent of their total capital to a single borrower. Now there is an exception for loans of up to $500,000, and well-capitalized thrifts may, with the approval of OTS, make housing development loans as large as 30 percent of their capital.

But the rationale for limiting loans to one borrower is very straightforward. The owners of a federally insured thrift should be allowed to bet the whole thrift on just a few loans.

We have heard some complaints about the new limit on loans to one borrower constricting credit to homebuilders, and there clearly has been some impact. But I think these complaints have to be considered in the light of other significant developments that are also occurring at the same time, such as an end of aggressive lending by insolvent or undercapitalized thrifts; the trend toward higher credit standards and loan-to-value requirments; the apparent softening of many real estate markets, which we are beginning to see right here in the Washington metro area; the large losses that banks and thrifts have incurred on real estate loans, including loans to acquire, develop, and construct housing, which are called ADC loans, and the resulting wariness of banks, thrifts, the capital markets, and the rating agencies about such loans.

All of these things have been at work at once. It has also been asserted by some that the banking regulators are inducing a credit crunch by pressuring banks and thrifts to steer clear of real estate lending.

The chief regulators have denied this, and we have scheduled them to testify before the Senate Banking Committee on the 21st of June, just a few days from now, to discuss this issue in detail. But even if credit is tighter, that does not necessarily mean we should permit thrifts to risk large portions of their capital on a single ADC loan.

The OTS, for its part, has prescribed an interim regulation on loans to one borrower and has requested public comment on all aspects of the regulation. The comment period closed on May 29. Director Ryan testified at his confirmation hearing that he "would like to look very closely to see if there is any other type of regulatory flexibility for a transition period." Administration testimony at the Banking Committee's May 23 RTC oversight hearing indicated the OTS was considering adoption of a transition rule, and press reports suggest that adoption of a final rule by the OTS is imminent.

Now, finally, in this area with respect to the qualified thrift lender test—bear in mind I described that earlier. This is the test that prescribes how much of the activity of a savings and loan has to be in housing and housing-related activities.

Related to that, in recent years a lot of critics have increasingly questioned whether there even is a need for a separate savings and loan industry or a thrift charter dedicated to that kind of a national purpose. The critics point to the growing role of commercial banks and mortgage banks, and the secondary mortgage market and housing finance, and assert that the traditional thrift is outmoded and mortgage needs could be met just as well without a separate thrift industry.

Thrifts in turn have sought to justify their charter by emphasizing their primary role as mortgage lenders, and on this basis they have not only enjoyed a regulatory system separate from the commercial banks but preferential treatment under the tax laws.

So one issue that Congress faced in FIRREA was whether to preserve a separate thrift industry, and during the Senate Banking Committee's 18 days of hearings on a reform package, I repeatedly asked witnesses whether the country needed a separately regulated thrift industry and whether thrifts are viable specialized mortgage lenders.

Although there was some controversy on these points, we received strong testimony to the effect that thrift institutions are viable, and that the healthiest institutions are those that have focused not on the exotic activities but on home loans.

In addition, as I noted earlier, the administration vigorously supported preservation of the separate thrift industry. So in keeping with that view, the reform law revised the qualified thrift lender test and increased the sanctions for failing that test.

Now, the new QTL test, as it is called, requires at least 70 percent of the thrift's portfolio assets to be housing-related assets such as home mortgages, residential construction loans, home improvement loans, home equity loans, mobile home loans, and mortgage backed securities. All of that has the effect of helping to put credit out into the marketplace for those kinds of activities for individuals and families who need to borrow money for those purposes.

So that new test, taking it up to 70 percent, is there for a reason. It does not take effect until July 1, 1991, and no thrift can fail it until July 1, 1993.

So we left in here a recognition of the fact that there needs to be some time period in some instances to build up to that level.

I might also say that the 70-percent test is easier to meet than it appears because the test is not applied to a thrift's investment in branches, equipment, goodwill, or liquid assets.

A thrift investing 60 percent of total assets in housing-related lending should pass. In addition, up to 15 percentage points of the revenue requirement could be met through various types of public purpose lending, including, for example, loans to schools, churches, nursing homes, hospitals, and for consumer and educational purposes. Double credit is available for loans in areas with unmet credit needs.

So the qualified thrift lender test is intended to ensure that the thrift charter serves a purpose related to housing finance. That is the whole point of this exercise. Thrifts failing the test, based on a 2-year average of their assets, would be treated like banks and have to meet national bank restrictions on activities and branching rights. Their parent companies would, in turn, face the activity restrictions in capital standards that apply to bank holding companies. They would no longer be eligible for subsidized long-term loans from the Federal Home Loan banks.

Tax status, it should be noted, is determined under separate rules in the IRS code without regard to the QTL test. Some thrifts still assert that the QTL test is too restrictive, and the thrifts can prosper only if given additional flexibility to engage in such activities as commercial and consumer lending. Yet, this argument itself raises doubt about the need for a separate thrift charter. If thrifts want to engage in a wide range of banking activities, they can do so as a bank, and FIRREA preserves this option.

Although thrifts must remain in the Savings Associations Insurance Fund until 1994, they are free to convert their charters immediately and remain safe and insured. As banks, they would be free of the QTL test. Other features of thrift regulation conversion might pose some practical problems for thrifts with branch networks more extensive than those permitted for banks or for thrifts that have built up large tax-advantaged loan-loss reserves. But in both cases the problem arises from losing special benefits accorded to thrifts but not accorded to commercial banks. So if thrifts conclude that being a bank is, on balance, more advantageous than being a thrift, they remain free to make the change.

A few more things, I think, need to be touched on here. I want to talk about the oversight activity that we are engaged in that helps produce much of the date that is laid out here today.

As the Federal Government sets about trying to resolve the thrift crisis, the Banking Committee here in the Senate has two important roles to play. First, we have the job of conducting vigorous and sufficient oversight at both member level and staff level of the implementation of this law, to help ensure that the costs to the taxpayers are held down, and that the process of thrift resolution and asset disposition remains open, as efficient as possible, and free from corruption.

Second, the committee has to analyze the causes of the crisis, and ensure that any reforms needed to prevent such a crisis from happening again in other areas of our financial system are identified and put in place. The Banking Committee has been active in both roles.

With respect to oversight of the thrift reform law of last year, the committee exercises its oversight responsibilities at both the member and the staff levels. At the member level, public hearings are the primary form of oversight. At the staff level, oversight consists of ongoing efforts to monitor FIRREA implementation through research meetings and discussions with regulators and independent observers, and it goes on all day long every day, as it needs to.

Hearings since FIRREA's enactment: The Banking Committee has held three general off-site hearings on the RTC. In addition, at a separate hearing, the GAO presented the results of its audit of FSLIC's final financial statements. On October 4 of last year, the committee heard from Secretaries Brady and Kemp, Federal Reserve Board Chairman Greenspan, and FDIC Chairman Seidman concerning early implementation of FIRREA. That hearing disclosed that the Treasury Department had blocked RTC's efforts to use $8 billion in REFCORP borrowings to resolve five large thrifts by September 30 of last year. In addition, Chairman Seidman indicated at that hearing that FIRREA might not have provided enough money to complete the rescue effort.

In our oversight hearings that we had on January 31 of this year, the committee again heard from the oversight board—and in this instance Deputy Secretary Robson was substituting for Secretary Brady. At that oversight hearing, administration officials acknowledged for the first time that they felt they had the authority to raise working capital for the RTC through the Federal Financing Bank without further legislation. There had been a debate up until that time and some uncertainty. In addition, Chairman Seidman indicated, in subsequent detail to the press, plans to begin a program of open thrift assistance. Then, on April 6 of this year, Comptroller General Bowsher testified on behalf of GAO concerning GAO's audit of the FSLIC. At that hearing, Bowsher estimated it would take $140 billion to resolve the savings and loan crisis immediately, and he put the total cost, including interest over 40 years, at $315 billion. Bowsher also indicated that the estimate could rise substantially in the event of a recession or a sharp rise in interest rates.

Then most recently, on May 23, the committee heard from the members of the RTC oversight board, including newly confirmed independent members Robert Larson and Philip Jackson. Testimony at this hearing again focused on the cost of the RTC's resolution effort, with the administration presenting a new, substantially increased estimate of ultimate cost in the range of $89 to $132 billion. That is a present value cost, including liabilities of the FSLIC resolution fund and assuming no thrift failures after 1993.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. RIEGLE. Mr. President, I have about, I would say, 7 or 8 additional minutes. I ask unanimous consent, if I may, to continue for that length of time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIEGLE. Might I just ask my colleague—I have tried to accommodate others—is that an inconvenience? Others need to speak today because of time pressures they have. I have been delivering a lengthy report here. Would the Senator need to make his comments now before I finish?

Mr. HELMS. I will be glad to wait.

Mr. RIEGLE. I appreciate that.

At this hearing on the 23d of May, just several days ago, testimony focused on the cost of the RTC's resolution effort with the administration presenting a new, substantially in-

creased estimate in the range of this $89 to $132 billion, which excluded the liabilities of the resolution trust fund from FSLIC and assuming no thrift failures after 1993.

The administration on that date, also, of course, I have said earlier, indicated that the RTC's resources would probably fall short of its needs sometime in 1990 unless Congress acts soon to provide additional funds.

I want to note that the transcripts of these hearings are available for inspection by anyone. The record of the October 4 hearing has been printed and copies are available from the Banking Committee. The records of the January 31, April 6, and May 24 hearings have not yet been printed, but transcripts are available for public review in the Banking Committee's front office, and the record of those hearings will be printed in due course after the normal period needed for transcript corrections and typesetting.

I want to just quickly say here with respect to staff oversight that when I assumed the chairmanship of the Banking Committee in January 1989, the committee lacked sufficient staff to deal with the overwhelming magnitude of the crisis in the thrift industry. At that time, despite the committee's broad jurisdiction, the committee staff ranked 15th in size out of the 19 committees in the Senate. That is 15th from the top and 4th from the bottom.

With the funding increase from the Rules Committee, which we are very grateful to receive and badly needed, we were able to add several professionals to the committee staff. The Banking Committee staff now ranks 12th in size out of the 19 Senate committees, although the committee itself, with 21 members, as the occupant of the chair knows as a member of the committee, is the third largest committees in size in the Senate.

The staff currently responsible for thrift issues, including on the Democratic side Rick Carnell, Pat Mulloy, Konrad Alt, Clem Dinsmore, Bart Dzivi, Gillian Garcia, and Pat Lawler. Their counterparts on the Republican side are Ray Natter, Wayne Abernathy, Ira Paull, and John Walsh. I think it is a topflight team on both sides. We do not operate on a partisan basis. We operate on a nonpartisan basis and in a team fashion. I think they are doing important work, and I appreciate the effort that they make.

I might say that these individuals carry heavy responsibilities in addition to the oversight work on the thrift industry. So I think that the committee members and even the Senate as a whole are today better informed and better able to evaluate thrift issues at any previous time, certainly during the time that I have been serving here.

With respect to reports that are required, I am not going to read all of these right now, but we built into the law a series of periodic reports that are mandated to have to be prepared to give everybody an opportunity to measure the effectiveness of this savings and loan reform package. And they include a number of very important cross checks to enable us to get timely information and in a format that lets us know what is going on, so that if problems start to develop, we are in a position to note those and make corrections.

So I ask unanimous consent that this part, sections of reports required, be printed in full in the RECORD, and I will not read them now.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

An annual FDIC report on its operations, the condition and needs of BIF, SAIF, and the FSLIC Resolution Fund;

Quarterly FDIC reports on the condition of the funds;

An annual OTS report including a description of changes made in OTS district offices and the geographic allocation of the OTS's examination and supervision resources;

Semi-annual reports and appearances before Congress by the RTC regarding its condition, progress, exposure, asset management, market conditions in depressed regions, and the impact of assets sales on these regions;

Annual reports by the Federal Housing Finance Board and the Credit Standards Advisory Board;

Annual reports by the Federal Financial Institutions Examination Council ("FFIEC") on its monitoring of the States' new requirements for certifying and licensing appraisers and progress toward establishing a national registry;

Report by the FFIEC on the adequacy of real estate data, due in February, 1991;

Annual reports by the GAO on the BIF, SAIF and FSLIC Resolution Fund. In addition, FIRREA gives GAO authority to audit and report on the RTC, REFCORP, and the Federal Housing Finance Board.

Reports by the RTC and the GAO on FSLIC's 1988 deals.

Mr. RIEGLE. I have two other areas to briefly comment on; one is consideration of further reforms.

Many observers believe that one of the most important causes of the thrift crisis was a flawed deposit insurance system. They warned that similar problems could arise again unless Congress reforms the system's current flaws. The Banking Committee shares this concern and is studying these arguments closely.

In April of this year the committee began a series of formal hearings focused in large part on possible reforms of Federal deposit insurance and the financial institution regulatory systems. The committee has already held seven such hearings this year and plans to hold six more before the August recess.

FIRREA also requires a number of reports that will assist the committee in this effort. One is a comprehensive study of deposit insurance issues by the Treasury due in February of 1991, and a similar study by GAO due also in February of 1991. I will not name the other studies of this kind, but I ask unanimous consent they be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

A study of pass-through deposit insurance by the FDIC, already completed; and

An FDIC study of risk-based deposit insurance premiums.

Mr. RIEGLE. In conclusion, I make these points out of this lengthy analysis today: I will just rattle down through them. Industrywide, I think the data shows us that weak thrifts are getting weaker and being taken over by the RTC. Stronger thrifts seem to be improving modestly. The thrifts in the middle tier that can go either way are struggling to strengthen themselves, and more time is needed to see how the group is going to fare.

The strength of the overall economy will have a substantial bearing. If these trends continue, the future will bring a smaller but healthier thrift industry. Data now available indicates that over 700 thrifts have failed since 1985. While it is impossible to predict the final number of individual thrift failures, it seems likely to me to reach the figure of at least 1,000, and it may very well approach 1,500. If one assumes a mid point, namely that 1,250 thrifts will eventually fail, from 1984 to 1985 that roughly 500 of the 2,520 thrifts that are open today and not under Government supervision might be expected to fail before the higher industry standards are fully implemented and the cleanup of past excesses is completed. That number can change depending upon a number of factors, of which the most important are the state of the economy, level of interest rates, and the strength of the real estate markets.

The cost of resolving the crisis will be at least double the administration's original predictions. New legislation is going to be needed to provide more moneys to resolve failed thrifts, probably in amounts comparable to what FIRREA provided last year. Additional money will be needed because the problem is larger than estimated and because the resolution is moving more slowly.

Next, the administrative agencies are not applying enough resources to savings and loan fraud. By every available measure, the need for additional investigative and prosecutorial resources is unprecedented. Yet, the administration has continued to oppose congressional effort to provide additional resources. A more aggressive crackdown in S&L fraud will send an important signal to others who might

contemplate further frauds against America's financial institutions.

It took several months to fill many key operational positions in administrative agencies that must implement the reform law. It appears those job vacancies and bureaucratic in-fighting may have contributed to the RTC's slow start. At present, the key jobs are filled, and it is important that the working relationships at the administrative level continue to improve.

Efforts by the RTC and the FSLIC resolution fund to actually sell failed S&L's are proceeding at a very slow pace. While the pace is accelerating, the progress to date must be considered disappointing. There is scant evidence of significant asset disposition, though the rapidly growing volume of real estate assets stands at over $16 billion and may ultimately reach $100 billion.

There is no simple recipe for orderly, efficient, and cost effective disposition of these assets, given the slack real estate market in areas where the RTC's real estate inventory is largest. This difficult problem needs the sustained attention of the administrative agencies, Congress, and the public.

Top administration spokesmen can tell us that they continue to believe that the FIRREA legislation gives them all the tools they need to deal with this problem and work through it. They have testified they do not wish to reopen the bill at this time, and their only request to us is for additional funds.

Members of Congress and the public should be concerned by the lack of good current data on trends in the thrift industry and the progress of the resolution effort.

The quantity and quality of data released by the agencies charged with FIRREA implementation is not what it should be. The Office of Thrift Supervision, in particular, has not been as forthcoming as many would wish. Given the amount of taxpayer money at stake, the public has a right to fast and full disclosure of all pertinent information. Improvement is needed in the area, and we intend to keep the pressure on to get it.

So it is still too early to predict how the entire thrift and reform and resolution process will work out in the years ahead. The Banking Committee is committed to continuing its process of vigorous oversight of all aspects of this reform bill passed in August of 1989 and on the problem of the thrift industry, and I will be making further periodic reports of this kind, as circumstances permit. I ask unanimous consent that the tables to which I have referred be printed in the RECORD, at this point.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE A.—CAPITALIZATION OF THRIFTS NOT IN CONSERVATORSHIP OR RECEIVERSHIP JUNE 30, 1989 VERSUS DEC. 31, 1989

[Dollar amounts in billions]

Level of tangible capital	Number of thrifts			Thrift assets		
	June 1989 [1]	December 1989	Percent change	June 1989	December 1989	Percent change
Insolvent [2]	$157	$153	−2.5	$119.0	$116.5	−2.1
Low capital [3]	384	358	−6.8	396.5	264.2	−33.7
Some capital [4]	823	814	−1.1	387.9	470.2	+21.2
Adequate capital [5]	1,156	1,177	+1.8	196.1	206.0	+5.0
Total	2,520	2,502	−.7	1,099.3	1,056.8	−3.9

[1] Numbers of both June 1989, and December 1989, designate thrifts not in conservatorship as of April 1990.
[2] Negative or zero tangible capital.
[3] Tangible capital between 0 percent of assets and 3 percent of assets.
[4] Tangible capital greater than 3 percent of assets but less than 6 percent of assets.
[5] Tangible capital exceeding 6 percent of assets.

Source: Office of Thrift Supervision.

TABLE B.—CHANGES IN THE COST OF FUNDS FOR SAIF-INSURED INSTITUTIONS RELATIVE TO COMMERCIAL BANKS JULY, 1989 VERSUS JANUARY, 1990

[Basis points]

Type of deposit	Aug. 2, 1989	May 30, 1990	Change
Money Market	8	9	1
NOW	19	15	−4
6 Month CD	68	35	−33
12 Month CD	71	36	−35
2.5 Year CD	61	27	−37

Source: Bank Rate Monitor.

TABLE C.—FILING AND DISPOSITION OF BUSINESS PLANS BY THRIFTS NOT COMPLYING WITH CAPITAL STANDARDS AS OF SEPTEMBER 30, 1989

[Dollar amounts in billions]

	Thrifts	Assets
Total not in compliance	670	($431.5)
Business plan not required	60	(43.9)
Plan not required because of merger	14	(1.4)
Plan not required because of conservatorship	46	(42.5)
Business plan required	607	(379.1)
Plan approved	202	(132.9)
Plan denied	215	(125.3)
Plan pending review or withdrawn	175	(117.4)
Plan not filed	15	(3.6)

TABLE C.—FILING AND DISPOSITION OF BUSINESS PLANS BY THRIFTS NOT COMPLYING WITH CAPITAL STANDARDS AS OF SEPTEMBER 30, 1989—Continued

[Dollar amounts in billions]

	Thrifts	Assets
Thrift under Study	3	(8.5)

Source: Office of Thrift Supervision.

TABLE D.—*FSLIC and FSLIC resolution fund cash flows, Oct. 1, 1988–Mar. 31, 1990*

	Billions
Uses:	
Losses on thrift resolutions, payments on assistance agreements	18.5
Interest paid on FSLIC notes	2.2
Total uses	20.7
Sources:	
FSLIC notes	8.9
Treasury appropriations	3.2
Proceeds of FICO bonds	4.4
Deposit insurance premiums	1.7
Interest on investments	.2
Recoveries on other assets	2.3
Total sources	20.7

TABLE E.—CONSERVATORSHIP AND RECEIVERSHIP ASSETS UNDER RTC MANAGEMENT

[Aug. 9, 1989 to Mar. 31, 1990; dollar amounts in billions]

Type of asset	Conservatorships		Receiverships	
	Amount	Percent of assets	Amount	Percent of assets
Cash & securities	$12.4	13.39	$1.1	7.96
Mortgage-backed securities	20.2	12.66		
Other securities			.6	4.40
Performing Loans	11.6	51.31	5.3	40.06
1–4 Family Mortgages	47.6	29.79	2.6	19.94
Other Mortgages	22.8	14.24	2.2	16.32
Other Loans	11.6	7.28	.5	3.81
Delinquent Loan	11.6	7.24	2.7	20.63
1–4 Family Mortgages	1.3	0.84	.4	2.74
Other Mortgages	8.6	5.39	2.0	14.89
Other Loans	1.6	1.00	.4	2.99
Real Estate Owned	13.7	8.59	2.3	16.98
Other Assets	10.9	6.81	1.3	9.97
Gross Assets	159.8	100.00	13.3	100.00

Source: Resolution Trust Corporation.

TABLE F.—*The pace of RTC asset disposition*

[Aug. 9, 1989 to Mar. 31, 1990]	*Billions*
Total assets acquired	$215.0
Conservatorships:	
Sales	19.9
Principal and interest	16.2
Other	0.4
Total	36.5
Resolutions and receiverships:	
Sales	602
Principal and interest	905
Other	−1.3
Total	504
Total cash received	41.9
Total assets remaining	173.1

Source: Resolution Trust Corporation.

TABLE G.—*RTC cash flows, Aug. 9, 1989–Mar. 31, 1990*

Uses:	*Billions*
Resolutions:	$16.2
Losses	9.2
Asset acquisition from resolved thrifts	7.0
Advances to conservatorships for liquidity replacement of high cost deposits	12.6
Administrative expenses	0.1
Cash balance	3.2
Total uses	32.0
Sources:	
Treasury appropriations	18.8
Federal Financing Bank lending (working capital)	2.5
Federal Home Loan Bank contributions	1.2
REFCORP borrowings	9.5
Total sources	32.0

Note.—Totals may not add due to rounding.

TABLE H.—REFCORP BOND AUCTIONS

[Dollars in billions]

Auction date	Principal	Term (years)	Interest (percent)
October 1989	$4.5	30	8.15
January 1990	5.0	40	8.60
April 1990	3.5	40	8.89

TABLE I.—SELECTED ESTIMATES OF THE COST OF RESOLVING THE THRIFT CRISIS

[In billions of dollars]

Source	Estimate	Remarks
Office of Management & Budget (February, 1989).	$40	10-year net budget outlays.
Office of Management & Budget (February, 1989).	$158	Gross Federal cash outlays from 1989 to 1999, including all FSLIC Resolution Fund, RTC, and SAIF expenditures plus repayment of pre-FY '89 FSLIC notes and Federal interest on REFCORP bonds.
Office of Management & Budget (August, 1989).	$203	Same as above, adjusted for changes in financing made in conference, plus Federal interest on REFCORP bonds through 2021.
General Accounting Office (July, 1989).	$257	Gross Federal and non-federal cash flows of restoring failed thrifts and establishing SAIF over a 35-year period, including repayment of pre-FY 89 FSLIC notes and tax losses.
Congressional Budget Office (August, 1990).	$287	33-year federal and non-federal cash outflows, including repayment of pre-FY 89 FSLIC notes and interest on Treasury borrowing but net of liquidation proceeds.
Congressional Budget Office (March, 1990).	$75–80	Net costs of RTC caseload.
General Accounting Office (April, 1990).	At lest $325	Re-estimate of previous GAO estimate using GAO, not OMB assumptions.
General Accounting Office (April, 1990).	At least $140	Present-value estimate of above provided by Comptroller General Bowsher in written testimony.
Ely (April 1990)	$125	Present value estimate that includes $50 billion for pre-1989 resolutions.
Barth-Brumbaugh (April 1990).	$91–135	Present value estimate that excludes pre-1989 resolutions. The estimate depends on the resolution costs per dollar of assets of resolved institutions.

TABLE I.—SELECTED ESTIMATES OF THE COST OF RESOLVING THE THRIFT CRISIS—Continued

[In billions of dollars]

Source	Estimate	Remarks
Treasury Department (May, 1990).	$89–132	Present value estimate of insurance losses in RTC caseload under a range of assumptions. Excludes pre-1989 resolutions.

Source: Congressional Budget Office; Banking Committee Staff.

TABLE J.—THE ADMINISTRATION'S MOST RECENT ESTIMATES OF THE COST OF RESOLVING THE THIRFIT CRISIS

[Dollars in billions]

	1985–88 [1] (FSLIC)	1989–94 (RTC)	Total 1985–94
Number of failures	329	[2] 722–1,037	[3] 1,051–1,366
Assets	$130	[3]$418–570	[3]$548–700
Est. resolution cost [4]	[5] $40–$50	$89–$132	$129–$182

[1] Excludes 128 institutions in the management consignment program or closed through supervisory mergers, without government assistance.
[2] Based on RTC Oversight Board testimony May 23, 1990. Includes 93 resolved, 330 in conservatorship, and 299–614 projected by OTS.
[3] From OTS press release May 23, 1990.
[4] Estimated present value.
[5] Banking Committee staff estimate.

TABLE K.—SELECTED TRENDS IN BANK AND THRIFT FRAUD INVESTIGATION AND PROSECUTION

Category	1986	1987	1988	1989	1990	Percent change, 1986–90
Failed institutions with ongoing FBI investigations	202	282	357	404	530	+162.4
Convictions and pretrial diversions involving bank and thrift fraud and embezzlement	1,922	1,957	2,309	2,197	2,174	+13.1
Convictions and pretrial diversions involving cases with losses > $100,000	484	533	740	751	791	+63.4
Bank and thrift fraud matters handled by the U.S. attorney offices	6,278	7,159	7,388	7,620	NA	+21.4
Bank and thrift fraud cases handled by the U.S. attorney offices	2,828	3,167	3,358	3,349	NA	+18.4

NA: Not available.
Source: FBI, GAO.

TABLE L.—ADMINISTRATIVE BODIES ESTABLISHED BY FIRREA

Body	Appointed positions	New appointments required by FIRREA (number)
FDIC Board	5 members: Chair; Comptroller of the OCC; Director of the OTS; two board members	Independent board members (1).
Office of Thrift Supervision	Director	Director (1).
Resolution Trust Corporation Oversight Board	5 members: Treasury Secretary; HUD Secretary; Chairman of the Federal Reserve Board; two independent board members.	Independent board members (2).
Resolution Trust Corporation	Inspector General	Inspector general (1).
Federal Housing Finance Board	5 members: HUD Secretary; four independent members	Independent board members (4).

[1] Nomination made necessary by resignation and court decision.

TABLE M.—PROGRESS FILLING POSITIONS CREATED BY FIRREA

Position	Term	Nominee	Date nominated	Date of hearing	Date reported	Date confirmed
OTS Director	5 years	T. Timothy Ryan, Jr.	Mar. 22, 1990	Mar. 28, 1990	Apr. 2, 1990	Apr. 4, 1990.
RTC Oversight Board	3 years	Robert C. Larson	Mar. 20, 1990	Apr. 3, 1990	Apr. 5, 1990	Apr. 5, 1990.
RTC Oversight Board	3 years	Philip C. Jackson	Mar. 26, 1990	Apr. 3, 1990	Apr. 5, 1990	Apr. 5, 1990.
RTC Inspector General	Discretion of President	John J. Adair	Feb. 20, 1990	Feb. 23, 1990	Mar. 5, 1990	Mar. 27, 1990.
FHFB	3 years	Lawrence Costiglio	Apr. 20, 1990	NA	NA	NA.
FHFB	7 years	Daniel F. Evans, Jr.	Apr. 20, 1990	NA	NA	NA.
FHFB	5 years	None	NA	NA	NA	NA.
FHFB	1 year	None	NA	NA	NA	NA.
FDIC Board	6 years	Andrew C. Hove	June 5, 1990	NA	NA	NA.

NA: Not Applicable.

Mr. RIEGLE. Mr. President, I realize this has been a very lengthy report, but I think we have to have a benchmark in place at this stage of the game that lays it out in all important dimensions so that all serious parties can track this in a way in which the information is generally available, and we can all work from the best available information to try to make the judgments that are required and imposed upon us.

With that, I thank the Chair, and I thank my colleague from North Carolina who is about to speak. I yield the floor.

The PRESIDING OFFICER. The Senator from North Carolina.

U.S. REFUGEE POLICY

Mr. SIMPSON. Mr. President, as we await the conclusion of the activities of the day, I note of recent times a great deal of discussion about refugee issues and pushoffs in various countries of the Earth and reassessment of things in Vietnam and the Vietnamese war and our obligation to those people who threw their lot in with us. We have done a pretty good job of taking care of those people and it has been to our great, good benefit in the United States in every way.

But it was 10 years ago in March that the President signed the Refugee Act of 1980. I had been here in the Senate just about 2 years. I know the occupant of the Chair is very vitally interested in refugee issues because of his home State, Florida. The purpose of that original bill was to increase the admissions level of refugees by establishing a normal flow of 50,000 people. That was up from 17,400 people. That is where we took it in that act. Then, it changed the cold war definition of refugee by eliminating the geographical and ideological restrictions that were then applicable and also then adopting the United Nations definition. And they are the same.

So, when we passed the Refugee Act we believed that we were eliminating our former ad hoc refugee policy and were thus adopting a new policy to ensure greater equity in our treatment of refugees. We intended to begin treating all refugees in conformance with our obligations under the United Nations convention on the status of refugees. We intended to provide for the resettlement needs of homeless people outside of their own countries, and we even included under special circumstances, resettlement for refugees who were still within their own country.

For much of the past decade the new law has served us quite well. However, in these last few years, due to a combination of the rapid conclusion of the cold war and the continuing and serious budget crisis in this country, we have strayed far afield from that new policy we envisioned 10 years ago when we placed this Refugee Act on the statute books.

The United States and the international community have always emphasized that the preferable solution to the refugee problem is the voluntary repatriation of the refugee to his or her home country, returning them to their country when it is safe to do so—repatriation. If that was not possible, then resettlement in the place of first asylum was the next best solution and that was, of course, once you step onto the premise of first asylum country, you are home free.

The last and the least preferable solution all through the decades before, was resettlement in a third country. This prioritizing means that most of the world's 15 million refugees will wait in camps in neighboring countries until it is safe for them to return or until they can become self-sufficient in the first asylum country. The United Nations High Commissioner for Refugees, that is UNHCR, maintains most of these camps and is totally dependent upon the international community for funding in order to provide basic refugee assistance: food, shelter, medicine.

Unfortunately the world's donor nations, led principally by the United States, have not maintained minimum levels of support for overseas assistance and the UNHCR has had to cut back on basic refugee assistance in camps all around the world.

Why have we, I question, as a nation, cut back on this crucial refugee assistance? Because in the face of budget shortfalls, we have increased refugee admissions. We are now up to 125,000 a year, while we spend $7,000 for each refugee who is resettled in the United States. We have reduced our support of the UNHCR's fine work overseas. And for literally a few cents a day we can provide life-sustaining aid to refugees in the camps abroad—a few pennies a day. This means we are not in any way of course now, then, getting the biggest bang for our refugee buck by our current policy.

The very survival of refugees in U.N. camps is severely threatened as support for them dwindles around the world.

Part of this serious problem is that we have returned in practice to the cold war definition of refugee. With glasnost and the changes which have followed in the Soviet Union, the doors to immigration in the Soviet Union have opened wide and need to open more, and we are accepting 40,000 Soviets this year who are not outside of the country of their nationality, who have not been displaced by war or civil strife and who, in many cases, do not meet the U.N. definition of a refugee as contained in the Refugee Act. They are being admitted to the United States in response to domestic political considerations, under new refugee profiles and studies and assumptions and presumptions.

The troubling aspect of that policy is now that 40,000 Soviets are immigrating to the United States. I am very moved and inspired by that. But it is that they are entering our country as refugees with the usual refugee funding; that is, the United States is spending a great deal to do that, and other groups also. And as a result, now we are unable to meet our commitment and obligations to provide life support to needy refugees in camps all over the world for literally pennies a day. We spend $7,000 or $8,000 to relocate a refugee in the United States who is really not a refugee. We could spend $1.39 in the camps around the world and sustain people for an entire day, or sometimes pennies, literally, for a week.

We have lost track of what we are doing under political gimmickry with regard to the definition of refugee. You are either a refugee or a refugee or a refugee—and that is a person fleeing persecution or with a well-founded fear of persecution based on race, religion, national origin, or membership in a political or social organization—that is a refugee.

Let me conclude as we wind up the day's activities. We are not meeting our obligation to refugees in camps around the world. Julia Taft, former head of the U.S. Office of Foreign Disaster Assistance, who has a long time involvement in refugee issues, has written a very provocative article called "A Call to Action for Restructuring U.S. Refugee Policy." It was recently printed in the 1989 World Refugee Survey. She discusses in some detail the issues I raise, as well as other important refugee issues such as the possibility of returning to private sector funding of refugee resettlement. Private sector funding would mean that we would continue our most generous policy of accepting refugees for resettlement without depriving overseas refugees who truly meet the definition of the assistance they so desperately need.

Mr. President, I ask unanimous consent that the text of Julia Taft's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From World Refugee Survey—1989 in Review]

A CALL TO ACTION FOR RESTRUCTURING U.S. REFUGEE POLICY

(By Julia Vadala Taft)

As the world enters the decade of the 1990s, it is time to take stock of the global refugee situation—how it has evolved during the past ten years, and its prospects for diminishing in the years ahead. The 1980s were ushered in with huge flows of boat people in Southeast Asia, with the Cambodian killing fields and the ultimate outpour-

ing into Thailand; the massive displacement of refugees from the Ogaden into Somalia; mass flight from Afghanistan; the Cuban-Haitian boatlift; the revolution in Iran; and the exodus of tens of thousands of refugees from the Soviet Union.

The world, with the United States in the lead, responded well. The U.S. Refugee Act of 1980 became law; close to two million refugees were resettled into third countries; and resources to meet the assistance needs of refugees in countries of first asylum generally kept pace with the growth of the world's refugee population.

The 1990s hold out the promise of dramatic successes in refugee affairs. The fundamental thaw in relations between the Soviet Union and the United States is lessening tensions in Third World regions where ideological conflict-driven warfare has produced refugees. Regional refugee-producing strife in southern Africa, the Horn of Africa, Afghanistan, and Southeast Asia may further lessen with troop withdrawals and intensified efforts on the part of regional leaders to seek peace and accommodation.

Internal political and economic changes within the Soviet Union and Eastern Bloc nations may result in major population movements, comprised less of refugees and more of economic migrants and those seeking ethnic reunification. While such movements may not increase the magnitude of Convention refugees, we are bound to see further blurring of distinctions among migrant groups and the agencies that should be called upon to provide assistance and protection.

As the potential for refugee generation is reduced, it may be that we can now dare to dream of solutions for a majority of the world's 15 million refugees and help create conditions for them to return home safely.

In the refugee field, professionals talk about three durable solutions. The most preferable has always been that refugees could voluntarily return home. The key word, of course, is voluntary. The conditions of civil unrest in places like Afghanistan and Ethiopia generally have prevented safe return. The second best solution is for refugees to be absorbed or resettled in the region where they reside as refugees. During this decade, this approach has had practical limitations. Even the most welcoming of first-asylum countries have been reluctant to grant permanence to the refugee populations they are hosting. The solution of last resort is resettlement in a third country like the United States. This resolution is viewed as the least desirable because of its high cost and its limitations in terms of providing a realistic option for most of the world's refugees. The net result during the past decade is that most refugees have languished in camps that provide minimal life-support assistance.

There has been some modest success with the repatriation to Namibia, and much talk about prospects for future repatriations elsewhere. The Soviets have pulled out of Afghanistan, enabling refugee planners to begin to prepare for what could be the return of five million refugees. It is incredible to imagine one-third of today's refugees going home. The Vietnamese have removed themselves from Cambodia, and have thus stimulated talk about a return from Thai border camps, although of course major problems remain. Former President Jimmy Carter has hosted peace talks between the Ethiopian government and the Eritrean People's Liberation Front, the government of Mozambique is talking through intermediaries to the RENAMO insurgents, and there has been some repatriation of refugees in Central America.

A SYSTEM ON THE VERGE OF COLLAPSE

Yet at this moment of promise, a breakdown is apparent in the international refugee system that has served the world so well for decades. Some refugee experts say it is on the verge of collapse. How could this have happened?

It was only four years ago when the world responded so magnificently to the plight of millions of people suffering from famine and civil strife in the Horn of Africa. Yet now, UNHCR had to cut back on basic refugee assistance around the world.

In 1989, having responded to some costly emergencies and repatriation opportunities with special donor appeals, UNHCR faced a funding shortfall of up to $100 million from its planned level of program. The result has been a dramatic cutback in basic assistance to some of the world's most vulnerable people. All programs, even those for refugees living on the margin, are feeling the bite.

In Southeast Asia, for instance, with an international agreement in the balance for maintaining a system of first asylum for Vietnamese boat people, UNHCR has not had adequate funds to provide key personnel and a public information campaign to discourage unnecessary flight. In Pakistan, UNHCR has cut basic support for programs on the border by one third. In Africa, contracts to maintain water tanker fleets in Ethiopia came close to being cancelled, and basic feeding efforts for 800,000 Mozambican refugees in Malawi have been threatened to a point where malnutrition is widespread. In UNHCR headquarters, key Technical Support Services unit personnel, including nutritionists, epidemiologists, water experts, and camp planners, have been threatened with being laid off. Travel for all UNHCR personnel, including those providing essential services, has been cut sharply.

For 1990, prospects are dim, as well. UNHCR had been projecting a general support budget need for $414 million to maintain essential services to refugees, displaced persons, and for contiguous populations severely affected by the presence of refugees. Under the pressure of donor government cut-backs in funding, UNHCR tabled a compromise budget of $380 million. While pressing UNHCR to maintain essential life support systems, the donors have not provided resources adequate to do so. To make matters worse, UNHCR will carry a $40 million deficit over into 1990, thus mortgaging its future and that of refugees.

These budget difficulties make it apparent that the international community's basic compact that provides first-asylum protection and support services may be in jeopardy. A fundamental assumption undergirding the system has always been that developing countries should allow refugees into first asylum, not push or *refoule* them back, and that the donor countries would help them defray the expenses associated with care and maintenance. No one knows exactly what budget level might cause a revolt among the "have not" host countries, but that this is even a matter of discussion is ominous for future mass asylum requirements.

RESETTLEMENT COMPETES WITH OVERSEAS ASSISTANCE FUNDING

How could this have happened? At a time when the prospect for large-scale voluntary repatriation is brighter than ever, how could it be that the prospects for refugees are so bleak? Part of the answer is to be found in the budget priorities of countries that generously accept large numbers of refugees for permanent resettlement, such as the United States.

What is true in the United States is compounded by the budgetary impact and focus on resettlement by several of the European nations. Too often, budget systems require that the funds for resettlement compete with funds for international refugee aid and contributions to those organizations that provide direct assistance overseas.

The case of the United States is particularly ironic, as it has always maintained a dual generosity in both refugee admissions and in contributions for support of refugees in countries of first asylum. Currently, U.S. government support for overseas assistance is dwindling, in part due to its focus on refugee admissions from the USSR and Southeast Asia.

It is important to put U.S.-funded refugee assistance overseas in perspective and to understand its relationship to refugee admissions. Traditionally, the portion of the U.S. refugee budget devoted to overseas assistance has been approximately two-to-one over the allocation for domestic resettlement. In FY 89, under strong pressure to admit Soviets as refugees to the United States, that proportion dramatically changed, with more than 50 percent going to refugee admissions.

In 1982, the United States contributed more than 30 percent of the UNHCR budget. In FY 88, despite an upsurge in refugee numbers, that share dwindled to under 22 percent. In FY 89, U.S. support for the general program hit rock-bottom at 16 percent, and an overall low of less than 20 percent for its general and special program budgets combined. The situation for FY 90 looks equally bleak, with the twin pressures of State Department and congressional fixation on Soviet emigration and the need to balance the budget.

The losers in all of this are the refugees who already have lost their homelands, their possessions, and their familial and cultural ties. As budget slashing affects UNHCR and other assistance organizations—including the International Committee of the Red Cross, the UN Relief and Works Agency, and the UN Border Relief Operation—the very survival of refugees in first-asylum countries is threatened. The appetite for funds to admit Soviets as refugees will be so intense, and the rules of the budget game so strict, that it is possible that the State Department-administered Emergency Relief and Migration Assistance (ERMA) fund will be tapped to pay for additional admissions. Initiatives that would carry out repatriations and meet even the most urgent, unexpected difficulties will be stillborn within this budget context.

In FY 90, Congress appropriated a total of $525 million to the Bureau of Refugee Programs and the Office of Refugee Resettlement to cover federal admissions and resettlement costs for 111,000 refugees. While the ORR budget covers an additional 100,000 refugees admitted in previous years, a rough estimate shows the U.S. spending about $4,700 per capita on refugee admissions. Although these figures were higher in previous years, they still compare favorably with the $190 million that the United States provided to assist 14 million refugees overseas, which on a per-capita basis comes to only about $12.00. Furthermore, U.S. refu-

gee resettlement is doing less and less to diminish the populations in first-asylum camps around the world. In FY 89, for example, about fifty percent of U.S. refugee admissions came directly from their home countries to the United States.

Even this does not tell the entire story. At year's end, the State Department still did not have a budget that would accommodate its admissions estimate of 125,000. Its request for a supplemental has been denied by the Office of Management and Budget. Such a dramatic shortfall in financing, estimated at $56 million, will exert enormous budgetary pressure on the refugee program in FY 90. Administration officials are quite frank to admit that the numbers of Soviets far exceed the total number of refugee slots allocated worldwide for admission. The pressure in Congress for emergency consultations, and the supplemental budgets to implement them, will be enormous, overwhelming efforts to focus on the emergency in overseas assistance. In addition to the budget pressure, it will be virtually impossible for the leadership of the State Department's Bureau for Refugee Programs to devote any meaningful time, attention, and resources to the overseas assistance side of the program.

In times past, the relative funding given to refugee admissions versus refugee relief assistance overseas was of little significance. It was generally felt that there was enough money to meet U.S. commitments to both, and if unexpected crises emerged, either the ERMA fund could be tapped or a supplemental could be sought. Not so now under the Gramm-Rudman bipartisan budget agreement. For the first time, if additional monies are sought, they must be offset from line items in other budgets. For all practical purposes, then, when the Office of Management and Budget gives a mark, there is a *de facto* cap on the funding level for U.S. support of both admissions and overseas assistance programs. In such a situation, under this cap, overseas refugee assistance suffers when refugee admissions levels rise.

The problem is aggravated by the pressure of those exiting the Soviet Union. Contrary to the intent of the Refugee Act of 1980, which removed flight from a communist country of origin as an automatic entitlement for refugee status, new legislation perpetuates a situation in which almost all Soviet emigres are considered refugees. In FY 89, some 39,500 entered the United States, and for FY 90, a ceiling of 50,000 has been set. As mentioned earlier, this level will be substantially below the number of current applicants. It is ironic that, under the current procedure, all 280 million residents of the Soviet Union are potentially eligible to apply for the U.S. refugee program.

The answer to the opening of the Soviet empire to imigration cannot and should not be endless admission as refugees to all those who want to come to the United States. This is essentially what has happened for those in Rome and Vienna with the Attorney General's order to review all those offered parole since last year. While I endorse the Administration decision to terminate the route through Rome and Vienna and move all refugee processing to the U.S. embassy in Moscow, even that is not enough.

It is important now to begin to think of the problem of the Soviet Union and Eastern Europe in an immigration context. For starters, the Administration initiative to develop a special immigrant category for those who are of interest to the United States, but who do not pass the persecution litmus test required of refugees, is a good one. The immigration system simply must be expanded to meet the requirements of the Soviet overture. Concurrently, policymakers should be careful not to couple the willingness of the Soviet Union to allow emigration with an obligation by the United States to accept all seeking to leave. The Jackson-Vanik provisions that confer most-favored. nation status to countries allowing fee emigration do not and should not require a moral obligation that the United States accept the emigres from any country complying with the free emigration requirement.

Given budget realities, with an eye on the tradeoffs involved between refugee admissions and overseas assistance, it is time to explore how federal government refugee funds for domestic assistance might be better augmented by private efforts. The most important impediment to increased private involvement is the cost of catastrophic health insurance. Solution to this problem should be high on the agenda for the U.S. Refugee Coordinator. If this obstacle could be overcome, private sector funding might flourish and admissions numbers remain high, but with a lower per-person cost to the federal government. Improved case management and front-end loading of services should also be pursued.

STRENGTHEN REFUGEE PROGRAMS THROUGH EXECUTIVE BRANCH REORGANIZATION

Realistically, there are no short-term solutions. Interest groups, including private-sector voluntary agencies that process and resettle refugees, and state and local governments, will fight hard to maintain the status quo. Regardless of Administration resolve to promote privatization, this will undoubtedly be a painful, long-drawn-out struggle.

Because of the fiscal and political pressures associated with refugee admissions, the State Department's Bureau for Refugee Programs has concentrated its manpower and financial resources on admissions processing to the detriment of international refugee relief. If overseas refugee assistance continues to be severely disadvantaged by the cost of burgeoning refugee admissions, it may be time to consider a basic restructuring of the mandates of U.S. government institutions that select and support refugee admissions domestically and fund assistance overseas. In the early 1980s, the Agency for International Development (AID) harbored the idea that overseas refugee assistance might better be done by AID than by State. Perhaps it is time to resurrect that idea. The AID regional bureaus have considerable experience in dealing with massive displaced persons problems, and they have much more practical, on-the-ground experience than is possessed by the State Department Bureau for Refugee Programs.

AID missions in Mozambique, Ethiopia, Sudan, Pakistan, El Salvador, and Sri Lanka have invested enormous amounts of funding and manpower in designing, managing, and monitoring relief activities. By contrast, the State Department has excellent, but very few, field personnel to monitor the multilaterally funded relief programs.

In terms of meeting emergencies, AID's Offices of U.S. Foreign Disaster Assistance (OFDA) and the Food for Peace Program could easily assume the functions played by the atrophied State Refugee Bureau's Emergency Operations Unit. OFDA's quick response capability and authority to provide assistance worldwide could, with additional personnel, manage the refugee relief portfolio.

Further, AID will undoubtedly figure prominently in the country-building that will follow repatriations to Afghanistan, Cambodia, Ethiopia, and Mozambique that may be likely in the 1990s. In contrast, on matters of refugee relief, the Bureau for Refugee Programs is pre-dominantly a check-writing operation that has not developed the expertise and the adequate personnel necessary to provide meaningful performance monitoring to do the field work.

State Department managers may see some advantage at this juncture in re-thinking the role it plays in refugee admissions. One can build a good case, particularly as the refugee definition blurs in a worldwide sea of migration, for refugee admissions to be determined by an Independent Advisory Board such as exists in Canada. Such a Board would not be overly influenced by domestic politics or foreign policy interests. It would be responsible for ensuring that the refugee bonafides of the applicants are based on the criteria set forth in the Refugee Act of 1980 and the UN Protocol on Refugees.

Since the refugee resettlement programs are functioning increasingly like immigration programs, a dramatic initiative such as an independent Board may be the only approach to maintaining the special integrity of a refugee admissions program and preventing a bureaucratic amalgamation of immigration and refugee admissions. It would also help keep the program apolitical and strictly humanitarian.

Such an initiative would be a radical departure from the current trend to process refugees as an extension of immigration programs. It also would reduce the currently complicated executive branch machinery in which several agencies and State Department bureaus have an active, and sometimes conflicting, role. The Immigration and Naturalization Service, under the Department of Justice, has final authority: however within the State Department, the Undersecretary for Management, the Bureau of Consular Affairs, the Bureau for Human Rights and Humanitarian Affairs, and the Bureau for Refugee Programs all are involved in the convoluted procedure.

The split responsiblity for funding domestic reception and resettlement of refugees within the United States must also be reassessed. Currently, the Department of State and the Department of Health and Human Services (HHS) each maintains significant levels of staff to set policy, fund, and manage various aspects of the domestic resettlement program. One can argue that an effective refugee admissions and resettlement program requires a coherent federal management structure that can oversee and support the sequential needs faced by refugees from their selection for resettlement, pre-migration counseling, transportation to the United States and their integration within communities across the country.

Some experts believe the responsibility and the financial resources for supporting the entire process should be vested in HHS. I believe it would be premature to recommend such a course of action without a thoughtful debate. However, it is an option that would have the advantage of clearly placing in one domestic agency the budget and management responsibility for federal assistance to refugees resettling in the United States. This would enable the State Department to focus urgent attention on the overseas refugee relief problems and the diplomatic initiatives necessary to ensure their survival and alleviate the political con-

ditions that created their plight in the first place.

Not only should the executive branch consider the structural changes, but also Congress must re-evaluate its ability to provide adequate oversight to ensure coherence between the refugee admission and overseas assistance programs. The liabilities of the inclusion of both admissions and overseas assistance appropriations in a single account as is now the case clearly needs review.

The manner in which the refugee debate is framed in consultation between the administration and Congress works against overseas refugee assistance concerns. In testimony by the U.S. Committee for Refugees before the House Judiciary Subcommittee on Immigration, Refugees, and International Law on September 14, 1989, USCR Director Robert Winter discussed the Refugee Act of 1980 requirement that a cabinet official appear before the Judiciary Committees of the Congress to discuss the refugee admissions levels. Winter suggested that, as now structured, the law precludes serious discussion of the budgetary tradeoffs between refugee admissions and overseas assistance needs. Chairman Morrison suggested that needs of refugees in first asylum were incidental to the concerns of his committee, and were the proper concern of the foreign affairs committees.

The foreign affairs committees, the finance committees, the appropriations committees, and the Select Committee on Hunger all have proper, albeit diverse, interests in aspects of refugee admissions and relief. Yet, to date, there are few efforts toward policy and budgetary oversight and integration.

The sad result is that the refugee program is captive of the judiciary committees and their strong interest in monitoring refugee admissions issues. The members and staffs of these important committees are among the most talented and constructive advocates for refugees, domestically and internationally; however, their primary influence is on the immigration aspects. They could, and should, seek to structure the debate between refugee assistance overseas and domestically, with authority to influence budget resources for both. They too could provide a forum to discuss adequately the tradeoffs between the two competing demands for funds. Until such strong leadership is forthcoming, the death toll of overseas refugees will inevitably climb, with no element of Congress or the executive branch held accountable.

CREATE A NEW COMPACT FOR U.S. REFUGEE POLICY IN THE 1990S

During the 1980s one of the most striking aspects of U.S. refugee policy and programs has been the emergence and solidification of powerful interest groups advocating refugee resettlement.

Ethnic groups and their allies have become very effective in the art of influencing Congress and the executive branch on the merits of continued admissions for their compatriots still overseas. State and local governments, justifiably interested in ensuring that refugees resettled in their communities present no adverse economic impact, have endorsed generous benefits packages at the expense of the federal government. The private voluntary agencies have not only sought and obtained consistent flows of refugees for resettlement, but, having expended much of their own resources, have urged the bulk of the costs must be borne by others. Foreign policy experts have linked U.S. refugee admissions programs to major diplomatic priorities, such as increased Soviet emigration and the maintenance of first asylum in Southeast Asia.

These influential groups have laid a solid cornerstone for the dominant U.S. refugee policy during the 1980s, which was resettlement. Only recently have humanitarian relief agencies pleaded for increased assistance levels for refugees caught in abysmal camps in the developing world. Joining these agencies have been think tanks and advocacy groups raising the alarm over the crisis facing those languishing overseas, underserved and without prospects for repatriation or resettlement.

It has been only within the past year that these alarms needed to be sounded since the financial problems of UNHCR have now become a crisis. Assisting these refugees is not solely a matter of will, but is a matter of money and diplomatic priority. It is not too late to be responsive to the need for additional funding for international relief programs.

There is a confluence of humanitarian interests by both the groups that advocate refugee resettlement in the United States and those who demand greater attention toward those in overseas camps. Ironically, in most cases the groups are the same. What is needed is a recognition that both objectives cannot be sustained in the current budgetary framework where scarce resources will force difficult tradeoffs in refugee assistance.

With the dawn of a new decade, and new leadership in the White House and the State Department, it is indeed appropriate and essential that a major reassessment be initiated on the nature of the U.S. role and commitment to refugee assistance—both foreign and domestic. I urge this leadership to convene a national assembly of interested and knowledgeable parties from Congress, voluntary resettlement and relief agencies, refugee communities, federal, state, and local officials, corporate and labor leaders, and academic and advocacy groups. This assembly should be charged with reviewing priorities for domestic resettlement, overseas relief, private-sector funding strategies, and diplomatic advocacy.

Emerging from such a conference could be a compact on the part of all parties that would set a framework and commitment to seek a new approach to admissions, refugee care and maintenance overseas, and diplomatic overtures necessary to facilitate repatriations.

The outcome of such an initiative could not only lay a solid foundation for U.S. policy, but also provide the broad coalition with an opportunity to lead the international community in resolving fundamental political and economic problems that plague more than 15 million refugees in first asylum who, in remote places away from TV cameras, are beginning to die.

The PRESIDING OFFICER. The Senator from Pennsylvania.

U.S. CRITICAL TECHNOLOGIES: SOUND THE ALARM

Mr. HEINZ. Mr. President, in the days of the Old West, but not just in the Old West, townsfolk were summoned to help battle a town fire by the ringing of a bell. We have all seen those pictures on our television sets and in the movie theaters. We all remember neighbors turning out to form a bucket brigade. Together, they would battle to put out that blaze.

Today I take the floor for the same purpose; and that is, to ring the bell, to sound the alarm. I do so because there is a growing crisis in America's ability to compete in and even produce the critical technologies of today and, more important, tomorrow. Like the settlers before them, in many domestic industries, we are seeing the frontiers of knowledge pushed back for our continued strength tomorrow. These industries, to be successful, need a committed and unified effort from this country, just as those who conquered the Old West.

But, Mr. President, it is becoming increasingly clear that this effort is not forthcoming. It appears, instead, that our Government and this administration has systematically endeavored to wipe out anything the Government is doing on behalf of critical technologies. I am referring, for example, to the administration's removal of the very innovative and able Dr. Craig Fields from the directorship of DARPA and the successful effort of the White House staff to block any plan by the Commerce Department to develop a strategy for a domestic high density television industry. Those are just two of several examples. Actions like these are worrisome. They are worrisome because critical technologies are vital to this country's future, both economically and militarily. Yet, if it is this same sector which is in serious trouble often being outfinanced or outresearched by foreign competitors, then this country is in trouble.

As distinctions between military and nonmilitary technology break down, as more items become dual use, the United States will inevitably have to become much more competitive in international consumer markets if we are going to be able to sustain our military leadership. If we cannot do this, if we cannot become competitive in these international consumer markets, we are ultimately going to be forced to rely on foreign dual-use technology in producing the next generation of defense systems.

Most observers would say that that is not a good idea. Most people in the administration would say that is not a good idea. Yet, I have to report that this is precisely where our present course is taking us. As the Office of Technology Assessment reports in its recent study, Arming our Allies:

> Of the 20 technologies listed by DoD in its 1990 "Critical Technologies Plan," at least 15 are dual-use. * * * Japan is a leader in many of these technologies, and exports them to the U.S. and other countries both for civilian and for military use. * * * The degree of such dependence is unknown, but there is general agreement that it is increasing, especially in the field of high-technology electronic parts and components.

One such example of this steady erosion of industrial self-reliance is the U.S. optical storage industry. Optical storage will play a vital role in future electronic products. It consists of the equivalent of compact disks of information for use by computers.

One is tempted to ask what makes optical storage different from currently used storage peripheral products like floppy disks, tape cartridges, and hard disks. Most people are familiar with these. Mr. President, the difference is twofold. First, a single compact optical storage disk holds the same volume of information as 2,800 floppy disks. It is an extraordinary amount. Twenty-eight hundred times as much information. Second, it does so in an erasable form which can be removed from the work station at day's end for use at home or while traveling.

In other words, optical storage is a technological breakthrough of major proportions. It is vital, not only for its effect on computer information storage, but also for the application of key technologies which make up the optical storage industry itself. These component sectors include fiber optic connections, lasers, and micromotors and are strategic because they are the gateway to a stream of future technologies like advanced aspheric lenses, data compression chips, and holographic heads.

As the domestic optical storage industry stands now, the United States is barred from passing through that gateway. Of the component technologies which comprise optical storage, the fact is that none, absolutely none, can be purchased competitively from commercial domestic sources, that is, in this country. This can be attributed to many factors but the most important are probably the lack of indigenous venture capital resources for research and development and the methods of Japanese suppliers who are forward pricing these same components at levels far below actual costs. This strategy of weathering losses now for larger market share and profits later has undercut the ability of U.S. companies to compete in these critical sectors.

As a result, American producers of optical storage devices are either small, independent startups which are financially shaky or large companies which components and most of its production come from Japan. This, Mr. President, is not the solid industrial foundation on which we can build a prosperous future, nor is it the foundation of a viable and flexible national security strategy. Without critical technology industries like optical storage, we will not be able to build a missile or a tank, fly a plane, or launch a submarine or aircraft carrier in the future.

If the domestic optical storage industry is allowed to fail, the United States will lose much more than a simple production sector. Within the next 5 to 7 years, optical storage is predicted to become the most common storage device for computers. With no domestic producers, this country would subsequently lose any significant participation in the coming $30 billion data storage industry with its associated employment and tax base.

While this is very substantial, the damage does not stop there. Without a domestic optical storage industry, the competitiveness of companies in other industries dependent on optical storage systems for their higher value added products will be severely damaged. Such industries like HDTV, medical imaging systems, and broadband communications delivery are strategic, high growth sectors. Simply put, Mr. President, a country that cannot produce the optical storage elements of the component manufacturing base is undermined in the much larger arenas of international economic strength and national security. Considering the current status of the domestic optical storage indutionsstry, it is clear that we are a nation at risk in this critical sector.

Unfortunately, this situation does not apply solely to the optical storage industry. This sector is a paradigm for several critical technology industries in the United States and that, Mr. President, is the reason why my comments today are so important. The problems facing domestic optical storage producers are equally applicable to the production of semiconductors and HDTV, to name only two. The great burden of future American economic competitiveness and national security rests squarely on the shoulders of critical technology industries such as these. But those once broad shoulders have been considerably weakened. It is up to us to revitalize and fortify our economic muscle. A brigade of government, industry, and private parties must be formed to carry out this momentous task. The alarm has been sounded. Together, this country must rise up and answer it.

ORDER OF PROCEDURE

Mr. MITCHELL. Mr. President, I ask unanimous consent that Senator LAUTENBERG be recognized; and that upon the conclusion of his remarks, Senator LIEBERMAN be recognized.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRANSACTION OF MORNING BUSINESS

The following morning business was transacted.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Kalbaugh, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting a nomination which was referred to the Committee on the Judiciary.

(The nomination received today is printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 1:07 p.m., a message from the House of Representatives announced that the House has passed the bill (S. 1939) to extend the authorization of appropriations for the Taft Institute, with an amendment; it insists upon its amendment to the bill, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and appoints Mr. HAWKINS, Mr. FORD of Michigan, Mr. WILLIAMS, Mr. GOODLING, and Mr. COLEMAN of Missouri as managers of the conference on the part of the House.

The message also announced that the House has passed the following bill and joint resolution, in which it requests the concurrence of the Senate:

H.R. 2497. An act to authorize and encourage Federal agencies to use mediation, conciliation, arbitration, and other techniques for the prompt and informal resolution of disputes, and for other purposes; and

H.J. Res. 520. Joint resolution granting the consent of Congress to amendments to the Washington Metropolitan Area Transit Regulation Compact.

At 2:33 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 3406. An act to amend title 28, United States Code, to provide for Federal jurisdiction of certain multiparty, multiforum civil actions.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent, and referred as indicated:

H.R. 2497. An act to authorize and encourage Federal agencies to use mediation, conciliation, arbitration, and other techniques for the prompt and informal resolution of disputes, and for other purposes; to the Committee on Governmental Affairs.

H.R. 3406. An act to amend title 28, United States Code, to provide for Federal jurisdiction of certain multiparty, multiforum civil actions; to the Committee on the Judiciary.

MEASURES PLACED ON THE CALENDAR

The following bill and joint resolution were read the second time by unanimous consent, and placed on the calendar:

H.R. 2690. An act to amend title 17, United States Code, to provide certain rights of attribution and integrity to authors of works of visual art; and

S.J. Res. 332. Joint resolution proposing an amendment to the Constitution of the United States authorizing the Congress and the States to prohibit the physical desecration of the flag of the United States.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 1224: A bill to amend the Motor Vehicle Information and Cost Savings Act to require new standards for corporate average fuel economy, and for other purposes (Rept. No. 101-329).

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. LAUTENBERG (for Mr. MACK (for himself, Mr. LIEBERMAN, Mr. LAUTENBERG, Mr. GRASSLEY, Mr. MITCHELL, Mr. GRAHAM, and Mr. NICKLES)):

S. Con. Res. 138. Concurrent resolution expressing the sense of the Senate that contacts between the United States and the Palestine Liberation Organization should be suspended if the PLO has not taken certain actions; to the Committee on Foreign Relations.

ADDITIONAL COSPONSORS

S. 619

At the request of Mr. SARBANES, the name of the Senator from Hawaii [Mr. AKAKA] was added as a cosponsor of S. 619, a bill to authorize the Alpha Phi Alpha Fraternity to establish a memorial to Martin Luther King, Jr., in the District of Columbia.

S. 656

At the request of Mr. GRASSLEY, the name of the Senator from Ohio [Mr. GLENN] was added as a cosponsor of S. 656, a bill to amend the Internal Revenue Code of 1986 to restore the deduction for interest on educational loans.

S. 1216

At the request of Mr. SIMON, the name of the Senator from Hawaii [Mr. AKAKA] was added as a cosponsor of S. 1216, a bill to amend the National Labor Relations Act to give employers and performers in the live performing arts, rights given them by section 8(e) of such act to employers and employees in similar situated industries, to give to such employers and performers the same rights given by sections 8(f) of such act to employers and employees in the construction industry, and for other purposes.

S. 1542

At the request of Mr. HATFIELD, the names of the Senator from Hawaii [Mr. INOUYE] and the Senator from Wyoming [Mr. SIMPSON] were added as cosponsors of S. 1542, a bill to amend chapter 55 of title 5, United States Code, to include certain employees of the Department of Commerce as forest firefighters.

S. 1651

At the request of Mr. MCCAIN, the name of the Senator from Louisiana [Mr. JOHNSTON] was added as a cosponsor of S. 1651, a bill to require the Secretary of the Treasury to mint coins in commemoration of the 50th anniversary of the United Services Organization.

S. 1974

At the request of Mr. HARKIN, the name of the Senator from Connecticut [Mr. LIEBERMAN] was added as a cosponsor of S. 1974, a bill to require new televisions to have built-in decoder circuitry.

S. 2112

At the request of Mr. METZENBAUM, the name of the Senator from North Dakota [Mr. BURDICK] was added as a cosponsor of S. 2112, a bill to amend the National Labor Relations Act to prevent discrimination based on participation in labor disputes.

S. 2159

At the request of Mr. BOSCHWITZ, the name of the Senator from Iowa [Mr. GRASSLEY] was added as a cosponsor of S. 2159, a bill to amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

S. 2179

At the request of Mr. SIMON, the name of the Senator from New Mexico [Mr. BINGAMAN] was added as a cosponsor of S. 2179, a bill to maintain funding for State and local law enforcement programs in the war against drugs and crime.

S. 2256

At the request of Mr. HARKIN, the names of the Senator from Oregon [Mr. PACKWOOD] and the Senator from Idaho [Mr. MCCLURE] were added as cosponsors of S. 2256, a bill to amend title XIX of the Public Health Service Act to clarify the provisions for the allotment formula relating to urban and rural areas, and for other purposes.

S. 2314

At the request of Mr. SASSER, his name was added as a cosponsor of S. 2314, a bill to amend the Agricultural Act of 1949 with respect to the level of milk price support in effect for 1991 through 1995.

S. 2319

At the request of Mr. GARN, the names of the Senator from Mississippi [Mr. LOTT], and the Senator from Idaho [Mr. SYMMS] were added as cosponsors of S. 2319, a bill to amend the Federal Deposit Insurance Act and the Federal Credit Union Act to protect the deposit insurance funds, to limit the depository institutions, credit unions, and other mortgage lenders acquiring real property through foreclosure or similar means, or in a fiduciary capacity, and for other purposes.

S. 2540

At the request of Mr. GARN, the name of the Senator from New York [Mr. MOYNIHAN] was added as a cosponsor of S. 2540, a bill to authorize the Board of Regents of the Smithsonian Institution to plan, design, construct and equip space in the East Court of the National Museum of Natural History building, and for other purposes.

S. 2604

At the request of Mr. GRAHAM, the name of the Senator from Florida [Mr. MACK] was added as a cosponsor of S. 2604, a bill to facilitate the use of pesticides that are registered for agricultural minor uses, to establish the Inter-Regional Research Project Number 4 (IR-4 Program), and for other purposes.

S. 2611

At the request of Mr. HARKIN, the name of the Senator from Massachusetts [Mr. KENNEDY] was added as a cosponsor of S. 2611, a bill to authorize assistance to the Washington Center for Internships and Academic Seminars.

S. 2663

At the request of Mr. MCCAIN, the name of the Senator from Washington [Mr. GORTON] was added as a cosponsor of S. 2663, a bill to provide increased and special benefits to individuals involuntarily separated from the Armed Forces, and for other purposes.

S. 2672

At the request of Mr. THURMOND, the name of the Senator from Virginia [Mr. WARNER] was added as a cosponsor of S. 2672, a bill to establish a United States Marshals Foundation.

SENATE JOINT RESOLUTION 14

At the request of Mr. THURMOND, the name of the Senator from Minnesota [Mr. BOSCHWITZ] was added as a cosponsor of Senate Joint Resolution 14, a joint resolution proposing an amendment to the Constitution of the United States to allow the President to veto items of appropriation.

SENATE JOINT RESOLUTION 273

At the request of Mr. BREAUX, the names of the Senator from New York [Mr. D'AMATO], the Senator from Alabama [Mr. HEFLIN], the Senator from Virginia [Mr. ROBB], the Senator from New Mexico [Mr. DOMENICI], the Sen-

ator from Iowa [Mr. GRASSLEY], the Senator from Oregon [Mr. HATFIELD], the Senator from Indiana [Mr. LUGAR], the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from Pennsylvania [Mr. SPECTER], the Senator from Indiana [Mr. COATS], the Senator from Washington [Mr. ADAMS], the Senator from Vermont [Mr. JEFFORDS], the Senator from North Dakota [Mr. BURDICK], the Senator from Georgia [Mr. NUNN], the Senator from Michigan [Mr. LEVIN], the Senator from Arkansas [Mr. PRYOR], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from Illinois [Mr. SIMON], the Senator from Rhode Island [Mr. PELL], the Senator from Texas [Mr. BENTSEN] the Senator from Missouri [Mr. DANFORTH], the Senator from Hawaii [Mr. AKAKA], the Senator from Rhode Island [Mr. CHAFEE], the Senator from California [Mr. CRANSTON], the Senator from Wisconsin [Mr. KASTEN], the Senator from Maryland [Mr. SARBANES], the Senator from South Dakota [Mr. DASCHLE], the Senator from Utah [Mr. GARN], and the Senator from Oregon [Mr. PACKWOOD] were added as cosponsors of Senate Joint Resolution 273, a joint resolution to designate the week of October 7-13, 1990 as "National Health Care Food Service Week."

SENATE JOINT RESOLUTION 274

At the request of Mr. LAUTENBERG, the names of the Senator from Michigan [Mr. RIEGLE], the Senator from Michigan [Mr. LEVIN], and the Senator from North Carolina [Mr. HELMS] were added as cosponsors of Senate Joint Resolution 274, a joint resolution to designate the week beginning June 10, 1990 as "National Scleroderma Awareness Week."

SENATE JOINT RESOLUTION 282

At the request of Mr. WILSON, the names of the Senator from Oregon [Mr. PACKWOOD], the Senator from Indiana [Mr. LUGAR], and the Senator from Hawaii [Mr. AKAKA] were added as cosponsors of Senate Joint Resolution 282, a joint resolution to designate the decade beginning January 1, 1990, as the "Decade of the Child."

SENATE JOINT RESOLUTION 289

At the request of Mr. SIMON, the names of the Senator from Oregon [Mr. HATFIELD] and the Senator from South Dakota [Mr. PRESSLER], were added as cosponsors of Senate Joint Resolution 289, a joint resolution to designate October 1990 as "Polish American Heritage Month."

SENATE JOINT RESOLUTION 300

At the request of Mr. PACKWOOD, the names of the Senator from Hawaii [Mr. AKAKA], the Senator from Washington [Mr. ADAMS], the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from Louisiana [Mr. BREAUX], the Senator from Montana [Mr. BURNS], the Senator from Rhode Island [Mr. CHAFEE], the Senator from Indiana [Mr. COATS], the Senator from Mississippi [Mr. COCHRAN], the Senator from Maine [Mr. COHEN], the Senator from California [Mr. CRANSTON], the Senator from New York [Mr. D'AMATO], the Senator from Missouri [Mr. DANFORTH], the Senator from South Dakota [Mr. DASCHLE], the Senator from Arizona [Mr. DECONCINI], the Senator from Illinois [Mr. DIXON], the Senator from Kansas [Mr. DOLE], the Senator from New Mexico [Mr. DOMENICI], the Senator from Minnesota [Mr. DURENBERGER], the Senator from Nebraska [Mr. EXON], the Senator from Ohio [Mr. GLENN], the Senator from Washington [Mr. GORTON], the Senator from Texas [Mr. GRAMM], the Senator from Iowa [Mr. GRASSLEY], the Senator from Utah [Mr. HATCH], the Senator from Oregon [Mr. HATFIELD], the Senator from Alabama [Mr. HEFLIN], the Senator from Pennsylvania [Mr. HEINZ], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Hawaii [Mr. INOUYE], the Senator from Vermont [Mr. JEFFORDS], the Senator from Wisconsin [Mr. KASTEN], the Senator from Massachusetts [Mr. KERRY], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from Michigan [Mr. LEVIN], the Senator from Connecticut [Mr. LIEBERMAN], the Senator from Indiana [Mr. LUGAR], the Senator from Florida [Mr. MACK], the Senator from Idaho [Mr. MCCLURE], the Senator from Ohio [Mr. METZENBAUM], the Senator from Maryland [Ms. MIKULSKI], the Senator from New York [Mr. MOYNIHAN], the Senator from Alaska [Mr. MURKOWSKI], the Senator from South Dakota [Mr. PRESSLER], the Senator from Nevada [Mr. REID], the Senator from Michigan [Mr. RIEGLE], the Senator from Virginia [Mr. ROBB], the Senator from Maryland [Mr. SARBANES], the Senator from Illinois [Mr. SIMON], the Senator from Pennsylvania [Mr. SPECTER], the Senator from Alaska [Mr. STEVENS], the Senator from Virginia [Mr. WARNER], and the Senator from California [Mr. WILSON], were added as cosponsors of Senate Joint Resolution 300, a joint resolution to designate September 1990 as "Jewish Community Center Month."

SENATE JOINT RESOLUTION 306

At the request of Mr. SIMON, the names of the Senator from California [Mr. CRANSTON], the Senator from New York [Mr. MOYNIHAN], and the Senator from Wyoming [Mr. SIMPSON], were added as cosponsors of Senate Joint Resolution 306, a joint resolution to designate the period commencing October 21, 1990, and ending October 27, 1990, as "National Humanities Week."

SENATE JOINT RESOLUTION 326

At the request of Mr. D'AMATO, the names of the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from Oregon [Mr. PACKWOOD], the Senator from Washington [Mr. ADAMS], the Senator from Mississippi [Mr. COCHRAN], the Senator from Alaska [Mr. STEVENS], the Senator from Utah [Mr. GARN], and the Senator from Idaho [Mr. SYMMS] were added as cosponsors of Senate Joint Resolution 326, a joint resolution to designate December 21, 1990, as a "Day of Observance for the Victims of Terrorism."

SENATE JOINT RESOLUTION 332

At the request of Mr. DOLE, the names of the Senator from Utah [Mr. HATCH], the Senator from Iowa [Mr. GRASSLEY], the Senator from Illinois [Mr. DIXON], the Senator from Wyoming [Mr. SIMPSON], the Senator from Nevada [Mr. REID], the Senator from Colorado [Mr. ARMSTRONG], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from Montana [Mr. BURNS], the Senator from Alabama [Mr. SHELBY], the Senator from Indiana [Mr. COATS], the Senator from Mississippi [Mr. COCHRAN], the Senator from New York [Mr. D'AMATO], the Senator from New Mexico [Mr. DOMENICI], the Senator from Utah [Mr. GARN], the Senator from Texas [Mr. GRAMM], the Senator from North Dakota [Mr. BURDICK], the Senator from Pennsylvania [Mr. HEINZ], the Senator from North Carolina [Mr. HELMS], the Senator from Wisconsin [Mr. KASTEN], the Senator from Mississippi [Mr. LOTT], the Senator from Arizona [Mr. MCCAIN], the Senator from Kentucky [Mr. MCCONNELL], the Senator from Alaska [Mr. MURKOWSKI], the Senator from Oklahoma [Mr. NICKLES], the Senator from South Dakota [Mr. PRESSLER], the Senator from Virginia [Mr. WARNER], the Senator from Indiana [Mr. LUGAR], the Senator from Kentucky [Mr. FORD], the Senator from Idaho [Mr. SYMMS], and the Senator from California [Mr. WILSON] were added as cosponsors of Senate Joint Resolution 332, a joint resolution proposing an amendment to the Constitution of the United States authorizing the Congress and the States to prohibit the physical desecration of the flag of the United States.

SENATE CONCURRENT RESOLUTION 123

At the request of Mr. PELL, the names of the Senator from California [Mr. CRANSTON] and the Senator from Mississippi [Mr. COCHRAN] were added as cosponsors of Senate Concurrent Resolution 123, a concurrent resolution to encourage State governments, local governments, and local educational agencies to adopt a comprehensive curricular program which provides elementary and secondary students with a thorough knowledge of the history and principles of the Constitution and the Bill of Rights and which fosters civic competence and civic responsibility.

SENATE CONCURRENT RESOLUTION 126

At the request of Mr. PELL, the names of the Senator from Indiana [Mr. LUGAR] and the Senator from Delaware [Mr. ROTH] were added as cosponsors of Senate Concurrent Resolution 126, a concurrent resolution calling for a U.S. policy of promoting the continuation, for a minimum of an additional 10 years, of the International Whaling Commission's moratorium on the commercial killing of whales, and otherwise expressing the sense of the Congress with respect to conserving and protecting the world's whale population.

SENATE RESOLUTION 282

At the request of Mr. KENNEDY, the name of the Senator from North Carolina [Mr. SANFORD] was added as a cosponsor of Senate Resolution 282, a resolution expressing the sense of the Senate regarding U.S. military assistance for the Republic of Liberia and human rights abuses in Liberia.

SENATE CONCURRENT RESOLUTION 138—REQUESTING CERTAIN ACTIONS BY THE PALESTINE LIBERATION ORGANIZATION

Mr. LAUTENBERG (for Mr. MACK, for himself, Mr. LIEBERMAN, Mr. LAUTENBERG, Mr. GRASSLEY, Mr. MITCHELL, Mr. GRAHAM, and Mr. NICKLES) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 138

Whereas, Section 1302 of Public Law 99-83 states that "no officer or employees of the United States Government . . . shall negotiate with the PLO or any representatives thereof . . . unless and until the PLO recognize's Israel's right to exist, accepts United Nations Security Council Resolutions 242 and 338, and renounces the use of terrorism";

Whereas, on May 30, 1990, the Palestine Liberation Front (PLF), a member organization of the PLO, attempted a terrorist attack against Israel;

Whereas, the leadership of the PLO has yet to condemn the May 30 terrorist attempt or to expel PLF leader Abul Abbas from PLO's Executive Committee; Now, therefore, be it

Resolved, That the Senate (the House of Representatives concurring) declares that—

(1) the PLO should condemn the May 30 PLF attack on Israel;

(2) the PLO should expel PLF leader Abul Abbas from the PLO Executive Committee given his role in the attack; and

(3) if these PLO actions are not taken in the immediate future, the United States should suspend its dialogue with the PLO until the PLO has fully demonstrated by concrete actions, including condemning the recent attack and expelling Abul Abbas from its Executive Committee, the PLO's commitments to recognize Israel's right to exist and renounce the use of terrorism.

Mr. LAUTENBERG. I thank you, Mr. President, for giving me the opportunity to now speak about a matter of great concern to the occupant of the chair, myself, and many other Members of this body.

Mr. President, I have here a concurrent resolution on behalf of Senator MACK, Senator LIBERMAN, the occupant of the chair, myself, Senator GRASSLEY, Senator MITCHELL, Senator GRAHAM of Florida, and Senator NICKLES. And I send this resolution to the desk, and ask for its consideration.

The PRESIDING OFFICER. The concurrent resolution will be received and referred to the appropriate committee.

Mr. LAUTENBERG. Mr. President, I am pleased to be able to join my colleagues in submitting this sense-of-the-Senate resolution. It calls on the administration to suspend its dialog with the PLO if the PLO fails to expel Abul Abbas from the PLO Executive Committee and condemn the May 30 attack in Israel in the immediate future. The time has come to call off this dialog between the United States and the PLO for a very simple reason: The tiger has not changed its stripes.

On May 30, the Palestine Liberation Front, a constituent group of the PLO, launched a seaborne raid on Israel. Fortunately, due to the excellent work of the Israeli intelligence and the military, the attack was foiled and no one was killed.

This attempted terrorist act clearly violates the PLO's commitment to renounce terrorism. That was the basis upon which a dialog was begun between our country and the PLO. It was a cardinal principle of the understanding that the PLO would not encourage nor support nor believe that terrorism was the way to solve the problems. It is a peculiar approach to peace to try to achieve it by creating more violence.

This attack was intended to kill as many innocent Israeli civilians as possible. The Palestine Liberation Front, known as the PLF, headed by Abul Abbas, has unabashedly claimed responsibility for this heinous act.

The connection between the PLF and the PLO is undisputed. The PLF is represented on the PLO's Executive Committee by none other than Abul Abbas, the man who masterminded the 1985 *Achille Lauro* hijacking, and the murder of Leon Klinghoffer.

Our assistant Secretary of State, John Kelly, has acknowledged that the PLF is a constituent part of the PLO. He testified before Congress recently that the United States will hold all members of the PLO Executive Committee and all of its constituent groups to Yasser Arafat's commitment to renounce terrorism.

When the United States began its dialog with the PLO, former United States Ambassasdor to Israel, Thomas Pickering and the Ambassador to Tunis, Robert Pelletreau, made clear that if terriorism occurs, the United States expects the PLO to condemn the action publicly and discipline the individual or the group responsible by at very least expelling them from the PLO. Calling on Yasser Arafat to expel Abul Abbas from the Executive Committee and condemn its recent terrorist attack follows from those original understandings.

Two weeks ago, 2 days after the attempted attack, I, along with 32 of my colleagues, sent a telegram to Secretary of State Baker. It urged the administration to immediately call upon Yasser Arafat to unequivocally denounce the attempted terrorist attack on Israel by the Palestine Liberation Front, and to expel Abul Abbas from the PLO's Executive Committee. The telegram said that if he did not take such steps, we should reevaluate the wisdom of our current policy of dialog with the PLO. Thirty-five more Senators have since added their names to this telegram which was sent again last Friday, making it clear that a majority of the Senate shares this view.

I ask unanimous consent, Mr. President, that a copy of this telegram appear in the RECORD, with a list of those Senators who added their names, following my remarks.

The PRESIDING OFFICER (Mr. RIEGLE). Without objection, it is so ordered.

(See exhibit No. 1).

Mr. LAUTENBERG. This was Arafat's golden opportunity to prove that the tiger had really changed his stripes; to align himself with the forces of peace and make it clear that he really has taken to the path of moderation; to prove to Israel that the PLO really is a moderate organization where terrorists are unwelcome, and the desire for peace is real; to show the United States that there really is something tangible to be gained from continuing this dialog.

What did he do? He failed to rise to the challenge, issuing a weak and pallid denial of responsibility. In effect, he said, so what. Despite strong administration pressure on Mr. Arafat to condemn the attack and discipline those responsible by expelling Abbas from the PLO Executive Committee, Arafat refused to take these steps. Instead, he said only that the PLO was not responsible for the raid. He declined to deplore the operation or to take any action against the Palestine Liberation Front.

Today, press reports indicate that an unidentified PLO spokesman said that the PLO is against any military action that targets civilians, whatever form it may take—an unidentified spokesman. That is simply not good enough. The United States has insisted from the beginning that Yasser Arafat renounce terrorism and publicly denounce and discipline those who continue to commit terrorist acts. He has refused to do so. He has made a mock-

ery of our dialog and undermined its central purpose of promoting peace and eradicating terrorism.

Mr. President, there is a long history of violence perpetrated by the PLO and its affiliates. One looks to Israel to let down its guard and come to the bargaining table; to say that we will take to the Palestinians and engage them in a serious debate; to say that they want to make peace, that they will surrender territory that is in fact occupied by the PLO or its disciples. But when we see an attack like this, we understand their caution. This is not the first, nor sadly, the last such attack.

The Israeli memory is continually sharpened by attacks across its border from neighbors and now from the sea. Once before, an attack was attempted from the sea, and it succeeded. Terrorists came aboard in Tel Aviv and slaughtered innocent people. The Israelis remember this so very well.

So while sometimes we lose our patience and we say to the Israelis, come on, come to the table, join in, talk to the PLO, they represent a moderate view, what we saw here was a confirmation of the things that the Israelis always have believed. That is, that the PLO is not interested in making peace, but the PLO is interested in eliminating the State of Israel from its present site.

Well, Mr. President, our country has an obligation to make sure that the conditions under which this dialog was begun continue to exist. Because we are not going to get anywhere unless the PLO understands that they first have to show good faith before anyone can expect the Israelis to sit down with them. The Israelis have said time and time again, "We will sit with Palestinians. We will not sit with the PLO." Their judgment, unfortunately, is confirmed by this recent act.

So, Mr. President, I hope that the Senate will swiftly adopt this concurrent resolution. We do not have any other choice, unfortunately, but to suspend the dialog. I hope that the President will agree with us and terminate these discussions immediately.

I yield the floor.

EXHIBIT 1

U.S. SENATE,
Washington, DC, June 8, 1990.

Hon. JAMES A. BAKER III,
Secretary of State,
Department of State,
Washington, DC.

DEAR MR. SECRETARY: We are writing to urge the Administration to immediately call upon Yasser Arafat to unequivocally denounce the attempted terrorist attack on Israel by the Palestine Liberation Front, and to expel Abul Abbas from the PLO's Executive Committee. If he does not take such steps, we should reevaluate the wisdom of our current policy of dialogue with the PLO.

This attempted terrorist act violates the PLO's commitment to renounce terrorism. The attempted terrorist attack on the Israeli coast was apparently intended to kill as many innocent Israeli civilians as possible. The Palestine Liberation Front (PLF), headed by Abul Abbas, has unabashedly claimed responsibility for this heinous act.

The connection between the PLF and the PLO is undisputed. The PLF is represented on the PLO's ruling executive committee by Abul Abbas, who masterminded the 1985 Achille Lauro hijacking and murder of Leon Klinghoffer. Assistant Secretary of State John Kelly has acknowledged that the PLF is a constituent part of the PLO. He testified before Congress last week that the U.S. will hold all members of the PLO Executive Committee and all its constituent groups to Yasser Arafat's commitment to renounce terrorism.

When the United States began its dialogue with the PLO, former U.S. Ambassador to Israel, Thomas Pickering made clear that if terrorism occurs, the U.S. expects the PLO to condemn the action publicly and discipline the group or persons responsible by expelling them from the PLO at the very least. Calling on Yasser Arafat to expel Abu Abbas from the Executive Committee and condemn its recent terrorist attempt should follow from these original understandings.

The U.S. must be firm in insisting that Yasser Arafat renounce terrorism and publicly denounce those who continue to commit terrorist acts. If he refuses to do so, he has made a mockery of our dialogue, and undermined its cental purpose of promoting peace and eradicating terrorism.

We await your response.

Sincerely,

Frank R. Lautenberg, Max Baucus, Daniel Patrick Moynihan, William S. Cohen, Paul S. Sarbanes, Brock Adams, Richard Byran, Larry Pressler, Alan Cranston, John Kerry, John Breaux, Don Riegle, John McCain, Robert Kasten, Bob Graham, Dan Coats, Dave Durenberger, Phil Gramm, Charles R. Grassley, Dennis DeConcini, Quentin N. Burdick, Barbara A. Mikulski, Carl Levin, Christoper S. Bond, Gordon J. Humphrey, Joseph I. Lieberman, John D. Rockefeller IV, Alfonse D'Amato, Herb Kohl, Rudy Boschwitz, Arlen Specter, Paul Simon, Slade Gorton, Howard M. Metzenbaum, Connie Mack, Tom Harkin.

Alan J. Dixon, Daniel K. Inouye, John Heinz, Harry Reid, Robert J. Kerrey, J. Bennett Johnston, Bill Bradley, Bob Packwood, Lloyd Bentsen, Pete Wilson, Claiborne Pell, Kent Conrad, Tim Wirth, Orrin Hatch, Daniel Akaka, Edward Kennedy, Malcolm Wallop, Don Nickles, Mitch McConnell, Patrick J. Leahy, Albert Gore, Conrad Burns, Richard Shelby, Jeff Bingaman, Howell Heflin, John Glenn, Jesse Helms, David Boren, Jim Sasser, James M. Jeffords, Nancy Landon Kassebaum.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. LIEBERMAN. Mr. President, I am privileged to be one of the original cosponsors of this concurrent resolution, and I am particularly privileged to join with my colleague, the distinguished Senator from New Jersey. May I say that I identify myself with all that he spoke here this afternoon in support of this concurrent resolution, and I am pleased that he is one of the original cosponsors, because his presence on that resolution suggests that this is not just a response to an agreement that was made in Geneva in December 1988; it is not just an expression of our concern about the appropriate road to peace in the Middle East, but it is part of America's overall opposition to terrorism. The Senator from New Jersey has been one of the leaders in the Senate and in this country in fighting terrorism, and I think that pursuit should be seen as underlying this resolution.

Mr. President, I am privileged to also join with the bipartisan group of cosponsors of this concurrent resolution—Senator MACK, Senator GRASSLEY, Senator NICKLES, Senator LAUTENBERG—and may I say a particular word of thanks and gratitude and pride that the distinguished majority leader, Senator MITCHELL of Maine, has joined us as an original cosponsor, because that certainly gives this concurrent resolution the strongest possible support.

Mr. President, I think all of us who submitted this concurrent resolution do so without any sense of joy, any sense of glee. We do it, in fact, with a profound sense of disappointment and sadness, because we understand that the suspension of the dialog between the PLO and the United States would also suspend the "most hopeful," path to trust and peace in the Middle East that we have had for some time.

We have no choice, and the reality is that if we continue the dialog with the PLO in the aftermath of the attempted terrorist raid on the civilian population on the beaches in Israel, we will, in fact, set back the cause of peace in the Middle East.

If I may say very briefly, Mr. President, in December 1988 Yasser Arafat spoke some words that the U.S. Government had been asking him to speak to enter the peace process for more than 13 years. One of the key elements of his declaration in Geneva in that month in 1988 was the renunciation of terrorism. Those are not just words. The renunciation of terrorism means the renunciation of the use of violence to achieve political ends by clandestine groups. That is the accepted definition of that term. We asked Arafat to make that renunciation because of a basic American policy: We do not negotiate with terrorists, whether in the Middle East or anywhere else.

How could we begin a discussion with a group that used terrorism against our foremost ally in the Middle East, Israel, or against American citizens, or anyone else throughout the world? That was a contract that we entered into with Arafat. The renunciation of terrorism was a key component of that contract. The events of the last couple of weeks fol-

lowing May 30 say quite simply that that contract was broken.

Mr. President, as last year proceeded and the negotiations and discussions and dialog with the PLO in Tunis proceeded also, many of us here in this Chamber were troubled by what appeared to be evidence that factions of the PLO were not keeping the promise that Arafat made. They were, in fact, carrying out terrorist raids against civilian population, particularly within the State of Israel.

That prompted Senator CONNIE MACK of Florida and me to join together in introducing the PLO Compliance Act. It had a very simple purpose. It was to have the State Department report to the Congress every 4 months to tell us whether Yasser Arafat and the PLO were living up to the promises they made in Geneva in December 1988, because those promises were the basis of the decision by our Government, which was supported by President Reagan and Secretary of State Shultz, to go forward with this dialog with the POL.

The PLO Compliance Act was adopted, and we are grateful for the support it received here in the Senate and in the other body. It was signed by the President.

In March of this year the first compliance report was issued by the State Department. It was a disappointing report because it said that there had, in fact, been 30 terrorist raids into Israel since December 1988, that at least 9 of those had been carried out by factions of the PLO.

But the report excused Mr. Arafat from any responsibility saying that he either did not know about those raids or did not apparently participate in planning them and therefore could not be held accountable for what happened.

Senator MACK and I felt strongly that that was not a fair standard to hold Arafat to. It allowed him to have recognition through this dialog, his discussions in Tunis without any sense of responsibility. It allowed him to be a leader of the PLO but without any accountability for what factions of the PLO did.

I remember on that occasion Senator MACK and I spoke to an assembled group of people from the media and someone asked me, "Do you believe, based on what you see in this report, that the dialog between the United States and the PLO should be terminated?"

And I said: "No. I am still hopeful. I want to believe that Arafat will take actions against those elements of the PLO that commit terrorist acts. I do not want to close off this path to possible peace in the Middle East."

I am afraid we have turned the corner and crossed the bridge, that the PLO has now done something that really goes beyond what is acceptable even by people who are hopeful and optimistic in trying every possible step we can take to move toward more trust and peace in the Middle East.

The May 30 raid, as Senator LAUTENBERG described, was a calculated effort to kill civilians, conceived at least 6 months ago, prepared in Libya under the sponsorship of that great patron of terrorism, Colonel Qadhafi, and then carried out, aimed at families, men, women, and children on the beaches.

Think about how we would feel if somebody attempted terrorist raids against our people, Americans on a beach in Florida or California, or Cape Cod. We would be horrified. We would want to find a way to strike back militarily. We certainly would not be talking to the people who carried out that raid because talks imply respect and trust.

So I think we have come to a point where we have to say to Mr. Arafat—and this resolution says it—either you are the leader of the PLO or you are not. If you are, you must demonstrate leadership and you must prove you have control by condemning those factions of your organization that continue to use terrorism in pursuit of their objectives. If you are not the leader of the PLO, if you are just a figurehead, you do not really control what happens, Mr. Arafat, and we have no business talking with you in any case because you cannot deliver, because you are not the person who can help bring peace to the Middle East.

Senator LAUTENBERG talked about the reaction of the Israel population and Government. I think anybody who looks at the Middle East will say this is not a conflict which will end with one swift stroke. The hatred, the suspicion among the people there, is too deep. What is going to be required for peace ultimately are steps that develop trust.

The dialog was a way to do that. A terrorist raid against civilian population on the beaches of Tel Aviv is the way to destroy almost all hope of trust within Israel, is the way not just to support the more allegedly rightwing element of raising public opinion but to destroy the hope, the optimism, the faith that is in so many other Israelis more than a majority in polls I have seen and want to believe that peace with the Palestinians are possible. But how can they believe that when their families are targets of terrorism on a religious holiday on a beach in Israel?

Mr. President, it is time to suspend the dialog and I regret it but it is time to suspend the dialog not because a promise made at Geneva was broken, not just because we should do it to genuinely support the peace process and our allies in the Middle East particularly Israel and Egypt but because it is fundamental to what America stands for. It is fundamental to the threats to our security.

I said it before, and I will say it again: the United States does not negotiate with terrorists. Therefore, we should not be having a dialog with the PLO in Tunis until the PLO demonstrates to us that they are not terrorists.

Mr. President, in the aftermath of all the changes in Eastern Europe everyone is telling us, and I think correctly so, that the greatest threats to the security of American people in the years ahead are not going to come from the Soviet Union but probably from unstable Third World nations and from terrorists.

If we turn away, turn our back on this clear case of terrorism, if we do not respond in some way, we are sending a message that we do not really care, that we are prepared to allow terrorist acts to be planned and carried out, and just to continue business as usual.

I know we do not want to do that. We do not want to do that in the interest of the security of the American people, because the reality is that more Americans have died at the hands of terrorists in the last several years than at the hands of any other foreign enemy we face.

The Pan Am flight 103 is the most dramatic example. Another one clearly is the terrorist attack on the Marine Barracks in Beirut, and finally the attack on the *Achille Lauro*, masterminded by Abu Abbas, Palestine Liberation Front, the same group that claims credit for the May 30 raid on Tel Aviv which resulted in killing Israeli people as was in the case of the *Achille Lauro* which resulted in the death of an American citizen.

If history teaches us anything, it clearly teaches us that when we are timid in the face of violence, when we refuse to respond to those who break the norms of civilized society, when we refuse to speak out and perhaps strike back against those who commit acts of violence, and destroy the international order, then we ultimately pay a far greater price. That is all that is at stake and it is a lot in the introduction of this resolution.

I hope that the Senate Foreign Relations Committee will consider it quickly and report it out to us, and I hope that the full Senate will adopt it as an expression of our strong belief, in sadness, that the administration has no course other than to suspend these dialogs. I stress what we are asking for here is suspension and not termination, and I fervently hope that we will before long have justification based on the statements and answers of Yasser Arafat and the PLO, and based upon the peaceful actions of Palestinians generally to once more renew the dialog and begin to walk together

down the road hopefully to peace in the Middle East.

Mr. President, I thank you for your patience in hearing these remarks and I yield the floor.

Mr. GRASSLEY. Mr. President, as a country committed to fighting terrorism, we should find no difficulty in formulating a response to the PLO attack on the beaches of Tel Aviv. Our response should be swift and unequivocal: The PLO has violated its commitment to renounce terrorism, the condition for establishing a U.S.-PLO dialog has been broken, and accordingly the dialog must end. Consistency and credibility demand no less from us.

Two weeks have passed and Arafat has not condemned the act. Since the incident, we waited for the right moment to halt the dialog. The President has given Arafat ample time to condemn the attack. But, civilized and rational people do not need 2 weeks to express their outrage at terrorism. Civilized and rational people do not need extra time to determine whether to condemn a mission aimed at slaughtering innocent people.

For those who were reluctant to link the PLO with the many terrorists attacks that have occurred since Yassir Arafat's December 1988 declaration, the proof could not be more conclusive in the most recent terrorist attack on the beaches of Tel Aviv.

Abul Abbas was the mastermind of this attack. Those who know his name will recall that he was also the architect of the *Achille Lauro* hijacking and the convicted murderer of American Leon Klinghoffer.

Abbas is also a member of the PLO executive committee who enjoys an office at PLO headquarters in Tunis. The executive committee serves as the PLO's cabinet. There is no doubt, no argument that Abbas is a member of Arafat's PLO; he is an officer in Arafat's PLO. And there is no doubt, no argument that it is Arafat's responsibility to condemn, expel, and turn over Abbas.

This most recent attack comes in the midst of the March 19 State Department report declaring that the PLO has lived up to its commitments to renounce terrorism. This declaration was made even though the State Department acknowledged that constituent groups of the PLO had been implicated in many terrorist incidents, but no linkage could be made between Arafat's PLO and the PLO's constituent groups.

At that time, I expressed disagreement and disappointment with the State Department's assessment.

From the start of the U.S. dialog with the PLO, the United States vowed that the dialog would stop if PLO terrorism continued. As recent as 2 weeks ago, the State Department repeated this vow. Though I believe there is substantial evidence indicating that PLO terrorism has flourished since 1988, this latest attack should be enough evidence for even the most skeptical.

We owe to the Americans killed by PLO terrorists not to sit down at the table with a PLO that has not refrained from terrorism. We owe it to the peace process to seek nothing less than a steadfast course in our fight against terrorism.

The time is now to send a strong signal against terrorism by suspending talks with the PLO until Arafat by word and by deed acts upon his declaration of December 1988.

NOTICES OF HEARINGS

COMMITTEE ON VETERANS' AFFAIRS

Mr. CRANSTON. Mr. President, I announce, for the information of Senators, that the Committee on Veterans' Affairs, which I am privileged to chair, is scheduled to hold a hearing on Thursday, June 14, 1990, in SR-418 at 8:30 a.m., to consider physician pay and other health issues—including title II and section 402 of S. 2100; S. 2701, the proposed VA Physicians' and Dentists' Compensation Act of 1990; S. 1860; a bill I intend to introduce very shortly to provide for expanded uses of VA facilities; S. 2455; S. 2456; S. 2532; S. 2542; and S. 2557.

SUBCOMMITTEE ON AGRICULTURAL RESEARCH AND GENERAL LEGISLATION

Mr. LEAHY. Mr. President, I wish to announce that the Subcommittee on Agricultural Research and General Legislation of the Senate Committee on Agriculture, Nutrition, and Forestry will hold a hearing on July 12 at 2 p.m. in SR-328A. The purpose of the hearing is to review the United States-Canada open border agreement with respect to meat and poultry. Senator DASCHLE will preside. For further information, please contact Rob Wise in Senator DASCHLE's office.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON THE JUDICIARY

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on June 11, 1990, at 4 p.m., to hold a hearing on the nomination of Karen Lecraft Henderson to be U.S. circuit judge for the District of Columbia, David C. Norton to be U.S. district judge for the District of South Carolina, Richard F. Suhrheinrich to be U.S. circuit judge for the sixth circuit, and Frederick P. Stamp, Jr., to be U.S. district judge for the Northern District of West Virginia.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE UNITED STATES SHOULD SUPPORT THE TOKYO AGREEMENT ON CAMBODIA

● Mr. KERRY. Mr. President, the Tokyo agreement signed on June 5, 1990, by Prime Minister Hun Sen of Cambodia and Prince Norodom Sihanouk is a small, but important breakthrough in efforts to find a solution to the Cambodian tragedy. This agreement, forged in Asia by Asians, makes the upcoming Perm 5 meeting next month in Paris all the more critical to finding a workable solution to the Cambodian conflict.

Despite the achievement in Tokyo, it is being downplayed by the spin doctors in Washington. Contrary to these spin doctors, the Tokyo summit on Cambodia was not an initiative of the Perm 5 United Nations Security Council members comprised of the United States, Great Britain, France, China and the Soviet Union. The significance of this idea is that it was developed in Asia with the involvement of the Thai and Vietnamese.

The initiative worked, even if the original intent of bringing the four warring factions together did not materialize. The fact that the Khmer Rouge refused to participate in the process and refused to sign the agreement may, in the end, prove more important than the actual summit idea. The United States and the other Perm 5 members now should use the leverage of the refusal to participate in the Tokyo process, to isolate further the Khmer Rouge as a player in the future of Cambodia.

The importance of the Tokyo agreement stems from the fact that it established the concept of a two-party Supreme National Council for Cambodia. The idea of a Supreme National Council appears to have originated with the Cambodian factions themselves. The Supreme National Council approach, if intelligently exploited by the United States, could be an important step in resolving the difficult question of participation by the Khmer Rouge in an interim government—a government that can symbolize Cambodian sovereignty pending elections.

The plan for a temporary U.N. administration of Cambodia—proposed formally and promoted aggressively by a Pacific nation, Australia—has made a useful contribution. But it continues to leave open to question the vital elements of a real political settlement. For example, who really is to run Cambodia as a matter of day-to-day administration during the election preparation process? In addition, early versions of the U.N. idea talked of four parties sharing control during this interim period. For parties is the old code, meaning the three resistance

partners, including the Khmer Rouge, plus the current government.

That's the deal Phnom Penh won't buy. That's the deal that it shouldn't buy a deal to be avoided at all costs by the United States.

The current head of the Cambodian Government, Hun Sen, has said that he cannot, and will not, let the Khmer Rouge, whose genocidal regime in the 1970's nearly destroyed the country, participate as a legitimized force in governing.

Regrettably, United States policy, bowing to China's adamancy, has not been nearly as clear on this point. The United States has never said that preventing the Khmer Rouge from being an identifiable part of a coalition government is unacceptable to us, as it should be.

The great strength of the Supreme National Council strategy, as it emerged from Tokyo, is that if it works, the Khmer Rouge will not be brought into Phnom Penh as an internationally-sanctioned, independent political party.

It was Japan, working with Thailand and other Asian nations, that has made this option available. As such, Japan deserves our praise, not our derision in attempting to break the Cambodia stalemate. Yet, the Bush administration is still operating on the assumption that the future of Cambodia will be determined in Washington, or Paris, or New York. In fact, that future is much more likely to be controlled by what transpires in Tokyo, Bangkok, and Beijing.

Why is the administration downplaying the Tokyo agreement? Perhaps the answer can be found in the fact that for 15 years since the fall of Saigon, the United States Government has continued to wage the Vietnam war, using surrogates to do so. There is mounting evidence that we are trying to exact revenge in Cambodia, for what was lost in our Vietnam policy 15 years ago.

According to a Washington Post story on June 8, Raoul Jennar, the former foreign affairs staff adviser to the Belgian Senate, has compiled a report on conditions inside Cambodia stemming from his travel to that country in April and May of this year. Jennar reported that the Soviet Union and Eastern European nations are cutting off most of their economic aid to the Hun Sen regime in Phnom Penh. That aid constitutes 80 percent of the revenues for the Cambodian national budget.

If this report is correct, then the United States position on Cambodia is fraught with dangerous cynicism. Jennar warns that: "The general situation of the country is progressive decay which benefits the Khmer Rouge exclusively * * *. If diplomacy continues at its slow pace and the (U.S. promoted) embargo remains, time is on the side of the Khmer Rouge."

Such circumstances may indeed provoke the demise of the Hun Sen regime, installed in power by the Vietnamese in 1979. The only winner in such a development will be the Khmer Rouge. And the United States, along with China, must bear the responsibility for the consequences as the primary architects of a policy which could bring us full circle back to the killing fields of the 1970's in Cambodia.

Since 1979 when the genocidal regime of the Khmer Rouge was ousted from Cambodia by the Vietnamese, the United States, China, and Thailand have assumed the bizarre and inexplicable responsbility for keeping the Khmer Rouge in business.

Our policy in Cambodia is a stepchild directly of our involvement in Vietnam. The invasion of Cambodia by the United States, 20 years ago, helped bring the Khmer Rouge to power and turn Cambodia into the killing fields.

The Vietnamese responded to this horror by doing what many in the international community believed was necessary, but were simply unwilling to do. Responding to direct provocation on the part of the Khmer Rouge, they ended the genocide by invading Cambodia. What was our response? Not only did we refuse to deal with the new regime which Hanoi installed, but in a fit of personal pique we organized an international economic boycott of Vietnam and Cambodia and campaigned to have the Khmer Rouge, of all people, retain Cambodia's seat at the United Nations.

There is an extraordinarily sad aspect to this conspiracy between the United States and China to ensure the survival of the Khmer Rouge. It was in reality—when one stripped away the diplomatic camouflage—the weapon by which we continued to fight the Vietnam War long after United States troops had been withdrawn, and the Government of South Vietnam had collapsed.

But our policy in the region has not been just anti-Vietnamese in motivation. It has also been anti-Soviet. Unfortunately, it is predicated today on the same set of assumptions which led us into this unholy alliance with China and the Khmer Rouge more than 10 years ago. The fact is, that even before we departed Vietnam, we struck a deal with the Chinese to contain the Soviet Union in Southeast Asia. And to contain the Soviet Union, Vietnam had to be contained. Tragically, for the people of Cambodia, their country became the battleground for this containment policy—a battleground which became the killing fields.

With the withdrawal of Soviet and Eastern European aid from Cambodia, the United States economic embargo now is close to complete. Recently, it was reported that about 1,000 Cambodians had fled by boat to Indonesia to escape the deteriorating economic situation in their homeland.

Are we prepared to accept the consequences of the success of a policy which is designed to drive the Hun Sen government from power? Are we prepared to accept the Cambodian boat people into our arms here in the United States? Are we prepared to accept the return to power of the Khmer Rouge in Cambodia as the price for our continued war against Vietnam? We must provide answers to these questions because as Jennar's report warns: "One must seriously question whether the country, Cambodia, can survive longer than 6 or 18 months."

We in the United States have been fast to note how much the world has changed in the past few years. With the rapid transition to democracy in Eastern Europe; with the Soviet Union beset by massive economic problems, secessionist efforts among the republics, and political upheaval, certainly the threat to our security has diminished substantially. Yet, nothing in our policy toward Vietnam or Cambodia reflects these global changes. The cold war has ended, but not the Vietnam war. It is time to end the Vietnam war.

If the administration does support aggressively the Tokyo agreement, we may yet bring to an end one of the most tragic chapters of our Nation's history. Yet, if our policy is predicated upon exacting revenge upon Cambodia for Vietnam, then it will be a pyrrhic victory which should shock the American conscience, even if the immorality of our position does not move United States Government decisionmakers. History, indeed, may be on the verge or repeating itself for the poor, unfortunate people of Cambodia.●

REPEAL THE EARNINGS TEST

● Mr. BOSCHWITZ. Mr. President, I rise today to bring to the attention of my colleagues a Wall Street Journal article on the Social Security earnings test. At least 26 Senators besides myself believe that the earnings test is an unfair tax and must be repealed.

Currently, the House equivalent of my bill, the Older Americans Freedom To Work Act, has 230 cosponsors. They've exceeded the magic number of 218 and are anxiously awaiting an opportunity in the House to vote to repeal this discriminatory provision.

Since the House Ways and Means Committee refuses to allow this legislation out of the committee, I think its our responsibility here in the Senate to give them that chance. I plan to attach the Older American's Freedom To Work Act to appropriate legislation

in order to get it out of the Senate and get that long-awaited vote on the House floor.

In the meantime, I will continue pushing my legislation here in the Senate and hope to see more of my colleagues joining me.

Mr. President, I ask that the Journal article be printed in the RECORD.

The article follows:

STALKING ROSTY

The last time House Ways and Means Chairman Dan Rostenkowski tried to block a tax cut for the elderly—the catastrophic health-care tax repeal—a group of seniors besieged him inside his car in Chicago until he fled his car.

Now, Rosty's committee has become the main obstacle to the repeal of one of the most unfair laws in the U.S. tax code, the earnings limit for Social Security recipients. Illinois Republican Dennis Hastert has 226 cosponsors for his bill to repeal this tax on people over age 65. A House majority is only 218. Yet Rosty, abetted by subcommittee Chairman Andy Jacobs of Indiana, won't even let the legislation come to the House floor for debate. Maybe Congress should consult the Supreme Soviet for a lesson in democracy.

The earnings limit amounts to a surtax on the working elderly. For every $3 earned by a retiree over a certain limit, he or she loses $1 in Social Security benefits. The limit in 1990 is $9,360 for seniors between age 65 and 69; it's $6,840 for seniors age 62 to 66 (who lose $1 in benefits for every $2 earned above the limit). The special tax expires at age 70.

This means in practice that retirees face an outrageously high marginal tax rate. A man in the 15% federal tax bracket who works at McDonald's can face a marginal rate of 55%. Since the earnings-limit tax also cuts his wife's Social Security benefits (even if she doesn't work), the marginal rate for the couple can reach 105%. And this doesn't count state and local taxes. The couple ends up paying the government for the privilege of working. As that Soviet emigre comedian likes to say, what a country!

It gets worse. The tax applies only to "earned" income, the sort that comes from working for a wage or salary. If income derives from interest or dividends, no Social Security benefits is lost. So the rich elderly can have a lower marginal tax rate than the average working stiff. Democrats used to care about such matters of "equity," but nowadays they'd rather be the tax collectors for the welfare state.

Rosty and his comrades are petrified that repeal might "cost" the Treasury revenue. In the static computer models of the Congressional Budget Office, repeal would "cost" $3.6 billion in the first year, and $26.2 billion over five years. This assumes repeal wouldn't change anyone's behavior. Former Treasury economists Aldona and Gary Robbins who do consider behavior, have estimated that enough seniors would happily work more and that the federal government would gain revenue. Not surprisingly, labor-participation rates among the elderly are lowest right around the income levels worst hit by the earnings-limit tax.

The earnings limit is an artifact of the Depression era, when the U.S. wanted seniors to retire so scarce jobs would open for younger people. But many parts of the U.S. now have a labor shortage. The skills and experience of the elderly are one of our most underutilized assets, and will become even more valuable as the Baby Boom generation retires. The punitive taxation of the earnings limit sends the message to seniors that their country doesn't want them to work, or that they are fools if they do. It's time for another run at Dan Rostenkowski's limousine.●

BREAST CANCER RACE FOR THE CURE

● Mrs. KASSEBAUM. Mr. President, I rise today to call the attention of my colleagues to "The Race for a Cure," a foot race on June 16 dedicated to benefiting the fight against breast cancer.

This disease is the most common form of cancer and the second leading cause of death among American women. One in 10 will develop breast cancer sometime in their lives, and this year alone, 44,000 women in the United States will die of this disease—one every 13 minutes.

Early detection is the best way to reduce these tragic statistics. If detected in its earliest stages, treatment of breast cancer is effective in nearly 90 percent of all cases. With awareness, regular medical checkups, and mammography screening, a substantial number of lives can be saved. When the breast cancer is left undetected until its later stages, chances of recovery or cure are much more remote.

I am proud to have consponsored, with Senator MIKULSKI and others, S. 2283, the Breast and Cervical Cancer Mortality Prevention Act of 1990. I strongly support this bill's provisions promoting mammography screening and increased public education about breast cancer. These are perhaps the two most important tools available to us in fighting this terrible disease. I am also pleased to be a cosponsor of legislation introduced by Senator PELL to designate October 1990 as "Breast Cancer Awareness Month."

"The Race for the Cure" on June 16 is an important way of increasing public recognition of breast cancer and the importance of early detection. Cochaired by Vice President and Mrs. Quayle, this event will encourage awareness and national support. The race consists of a 5-kilometer run, a 5-kilometer walk, and a 1-mile "fun walk." Later registration for each of these events is still possible. I strongly urge participation in this seventh annual event, and it is my sincere hope that it proves to be a resounding success.●

NATIONAL SCLERODERMA AWARENESS WEEK

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Judiciary Committee be discharged from further consideration of House Joint Resolution 516, designating National Scleroderma Awareness Week, and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 516 to designate the week beginning June 10, 1990 as "National Scleroderma Awareness Week."

The PRESIDING OFFICER. Is there objection to the immediate consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

The PRESIDING OFFICER. The joint resolution is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the joint resolution.

The joint resolution (H.J. Res. 516) was ordered to a third reading, was read the third time, and passed.

The preamble was agreed to.

Mr. MITCHELL. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. HEINZ. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

COMMITTEE DISCHARGED FROM FURTHER CONSIDERATION AND JOINT RESOLUTION INDEFINITELY POSTPONED—SENATE JOINT RESOLUTION 274

Mr. MITCHELL. Mr. President, I ask unanimous consent that Senate Joint Resolution 274, the Senate companion, be discharged from the Judiciary Committee and then indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

ESTABLISHING A CONGRESSIONAL COMMEMORATIVE MEDAL

Mr. MITCHELL. Mr. President, I ask unamimous consent that the Senate proceed to the consideration of Calendar Order No. 567, S. 1664, a bill to establish a congressional commemorative medal for members of the Armed Services present during the attack on Pearl Harbor.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (S. 1664) to establish a congressional commemorative medal for members of the Armed Forces who were present during the attack on Pearl Harbor on December 7, 1941.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Banking, Housing, and Urban Affairs, with an amendment to strike

all after the enacting clause, and insert in lieu thereof the following:

SECTION 1. PURPOSE.

The purposes of this Act are to—

(1) commemorate the sacrifices made and service rendered to the United States by those veterans of the Armed Forces who defended Pearl Harbor and other military installations in Hawaii against attack by the Japanese on December 7, 1941; and

(2) honor those veterans on the fiftieth anniversary of that attack.

SEC. 2. CONGRESSIONAL MEDAL.

(a) PRESENTATION AUTHORIZED.—The Speaker of the House of Representatives and the President pro tempore of the Senate are authorized jointly to present, on behalf of the Congress, to the individuals certified by the Secretary of Defense pursuant to section 3 a bronze medal commemorating their service to the United States. The presentation shall be made as close as feasible to the fiftieth anniversary of the attack on Pearl Harbor. The medal may be accepted by the next of kin of any such individual who was killed in action during that attack or who died thereafter.

(b) DESIGN AND STRIKING.—The Secretary of the Treasury shall strike the medal established by subsection (a) in bronze with suitable emblems, devices, and inscriptions to be determined by the Secretary.

(c) SALE.—The Secretary of the Treasury may cause duplicates of the medal established in subsection (a) to be coined in bronze and sold under such regulations as the Secretary may prescribe, at a price sufficient to cover the cost of such medal (including labor, materials, dies, use of machinery, and overhead expenses).

SEC. 3. ELIGIBILITY TO RECEIVE MEDAL.

(a) IN GENERAL.—To be eligible to be presented the medal referred to in section 2(a), an individual must have been a member of the Armed Forces who was present in Hawaii on December 7, 1941, and who participated in combat operations that day against Japanese military forces attacking Hawaii. An individual who was killed or wounded in that attack shall be deemed to have participated in the combat operations.

(b) DOCUMENTATION.—To establish the eligibility required by subsection (a), an individual must present to the Secretary of Defense an application with such supporting documentation as the individual may have to support his or her eligibility or the eligibility of a next of kin. The Secretary shall determine, through the documentation provided and, if necessary, independent investigation whether an individual meets the criteria established in subsection (a).

(c) CERTIFICATION.—The Secretary of Defense shall, within 12 months after the date of enactment of this Act, certify to the Speaker of the House of Representatives and the President pro tempore of the Senate the names of the individuals eligible to receive the medal.

(d) NEXT OF KIN.—If applications for a medal are filed by more than one next of kin of an individual who is eligible to receive a medal, the Secretary of Defense shall determine which next of kin will receive the medal.

SEC. 4. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATION.—Effective October 1, 1989, there are authorized to be appropriated such sums as are necessary to carry out the provisions of this Act.

(b) REIMBURSEMENT OF APPROPRIATION.—The appropriation used to implement this Act shall be reimbursed out of the proceeds of sales under subsection 2(c).

SEC. 5. NATIONAL MEDALS.

The medals struck pursuant to this Act are national medals for purposes of chapter 51 of title 31, United States Code.

Mr. HEINZ. Mr. President, before we move to passage of the bill, I just would like to thank the majority leader and the Republican leader, as well as the members of the Banking Committee on which the Chair serves, for their efforts in bringing this important measure before the Senate. I thank the Senate in particular because the consideration is timely.

We are talking about December 7, 1991. It does mark the 50th anniversary of the attack on Pearl Harbor. After 50 years, the memory of that infamous day remains in the hearts and minds of millions of Americans. Indeed, it is a day which must be remembered by all Americans, remembered by our children, remembered by our children's children.

What this is all about, Mr. President, is that this Nation owes a great debt to the veterans who defended Pearl Harbor and other military installations in the Hawaiian Islands against the Japanese attack. The services which they performed in the face of enemy fire helped stave off total disaster. The sacrifices made by those individuals set an example to which all Americans could turn in the years of the way which followed.

We owe them a great deal, and in my judgment it is imperative that America give those courageous individuals the recognition they so rightly deserve. This bill would establish a congressional medal commemorating the sacrifices made and services rendered to the United States by those veterans of the Armed Forces who defended Pearl Harbor and other military installations in Hawaii against the Japanese on December 7, 1941. The 50th anniversary of that fateful attack will soon be upon us. Let us take this opportunity, by enacting this legislation, to properly thank those veterans with a small token which expresses our gratitude and acknowledges the sacrifice and heroism of those individuals in a time of national crisis.

Mr. President, I would be remiss if I did not take this opportunity to thank a constituent of mine, Mr. Stephen P. Yorden, of Brookhaven, PA, for bringing the need for this legislation to my attention.

Mr. President, I urge our colleagues to support the legislation.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been red the third time, the question is, shall it pass?

So the bill (S. 1664) as amended was passed.

Mr. MITCHELL. Mr. President, I move to reconsider the vote by which the bill, as amended, was passed.

Mr. HEINZ. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDERS FOR TOMORROW

UNANIMOUS-CONSENT AGREEMENT

Mr. MITCHELL. Mr. President, I ask unanimous consent that when the Senate recesses today, it stand in recess until 9 a.m. tomorrow, Tuesday, June 12; that, following the prayer, the Journal of proceedings be deemed to have been approved; the time for the two leaders be reserved for their use later in the day; and that, upon the reservation of the leaders' time, the Senate proceed to the consideration of S. 1875, the Virginia Smith Dam and Calamus Lake Recreation Area bill; that Senator EXON be recognized to speak on the bill until 9:10 a.m.

I further ask unanimous consent that the time agreement reached on Friday with respect to consideration of this bill remain in place with the following exception; the vote on final passage begin at 9:10 a.m. and be concluded at 9:45 a.m.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MITCHELL. Mr. President, I ask unanimous consent that it be in order now to request the yeas and nays on final passage of S. 1874.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MITCHELL. Mr. President, I ask for the yeas and nays on final passage of S. 1875.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MITCHELL. Mr. President, following the disposition of S. 1875, I ask unanimous consent that my motion to proceed to the consideration of H.R. 987, the Tongas National Forest Wilderness bill be deemed agreed to, and that the bill be laid before the Senate under a time agreement entered into on last Tuesday.

In order to permit the Senate Select Committee on Ethics to meet during the day without more interruptions

than are essential, I further ask unanimous consent that any rollcall vote ordered with respect to the Tongas legislation not occur prior to 5:30 p.m. tomorrow, and that all votes ordered, with the exception of a vote on final passage and a vote to adopt the Greens Creek amendment by Senator GARN occur commencing at 5:30 p.m.

I further ask unanimous consent that at 6 p.m. the Senate proceed to vote on the motion to invoke cloture on S. 341, the blind air passengers bill, regardless of the pendency of the Tongas legislation; and that that vote be followed immediately, without any intervening action or debate, by a vote on the veto message on H.R. 2364, the Amtrak authorization bill, with the 1 hour of time for debate on this veto override vote under the previous order to occur between 4:30 and 5:30 p.m. tomorrow.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MITCHELL. Mr. President, all Senators should understand that the party conferences will occur tomorrow between 12:30 p.m. and 2:15 p.m., as under the previous order, and the official photograph of the Senate will take place at 2:15 p.m.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

COSPONSORSHIP OF SENATE JOINT RESOLUTION 332

Mr. DOLE. Mr. President, I send to the desk a list of additional cosponsors to Senate Joint Resolution 332, the flag amendment. There a total now of 34, over a third of the Senate, in less than 8 or 9 hours, who are now saying we want a constitutional amendment. The Democrats are Senators HEFLIN, DIXON, HOLLINGS, REID, SHELBY, BURDICK, and FORD; the Republicans are Senators DOLE, THURMOND, HATCH, GRASSLEY, BURNS, COATS, COCHRAN, D'AMATO, DOMENICI, HEINZ, HELMS, GARN, KASTEN, MCCAIN, MCCONNELL, MURKOWSKI, NICKLES, PRESSLER, SIMPSON, WARNER, ARMSTRONG, LOTT, GRAMM, BOSCHWITZ, LUGAR, SYMMS, and WILSON. Senator HEFLIN and myself certainly invite our colleagues to take a look at the amendment and join us as cosponsors. We hope to have another announcement to make tomorrow naming additional cosponsors.

I ask unanimous consent that those names be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 9 A.M. TOMORROW

The PRESIDING OFFICER. The Chair announces that under the previous order, the Senate will stand in recess until 9 a.m., Tuesday, June 12.

Thereupon, at 6:09 p.m., the Senate recessed until Tuesday, June 12, 1990, at 9 a.m.

NOMINATIONS

Executive nomination received by the Senate June 11, 1990:

DEPARTMENT OF JUSTICE

ROBERT C. BONNER, OF CALIFORNIA, TO BE ADMINISTRATOR OF DRUG ENFORCEMENT, VICE JOHN C. LAWN, RESIGNED.

EXTENSIONS OF REMARKS

CHAIRMAN LES ASPIN SPEAKS ON DEFENSE SPENDING

HON. BARNEY FRANK
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES

Monday, June 11, 1990

Mr. FRANK. Mr. Speaker, last month, our colleague the gentleman from Wisconsin, Mr. ASPIN—who chairs the House Armed Services Committee—gave a very important and perceptive speech to the Overseas Education Fund of the National Democratic Club. Mr. ASPIN set forward a very important framework which I hope will be guiding us when we deal with the defense spending bills later this year.

At the center of his speech was a very important point which is often overlooked and which Mr. ASPIN made quite cogently: Whether or not the Soviet Union continues on a path toward more democracy is important, but that is not the critical question which affects the level of our defense expenditures. Mr. ASPIN points out in his speech, the Soviet Union's capacity to inflict military harm on us is substantially less than it was a year ago, as a result of the grave economic and social problems within the Soviet Union and the breaking away of the Eastern European countries that were incorporated in the Soviet empire against their will after World War II. As Mr. ASPIN points out, it is these factors, which it would be virtually impossible for the Soviet Union to reverse, which are most relevant to the level of American defense spending.

This is an extraordinarily important and insightful speech and I insert it here because I hope that it will be taken into account by all of the Members when we vote on these important questions:

SPEECH BY CHAIRMAN LES ASPIN

It is summit time again in Washington. Soviet President Mikhail Gorbachev is coming at the end of this month. He will be welcomed with open arms, but the welcome might not be quite as warm as it would have been a little earlier. There's been a slow-up in the break-neck pace of our improving relations. The Soviets are taking a harder line on arms control, a harder line on German unification and a harder line on Lithuania.

This shift follows a year of incredible accommodation from the Soviet Union. There is a lot of speculation in this town about what the U.S. reaction should be to this harder line, particularly Moscow's tough stance on Lithuania. Should the harder line have an impact on the crucial arms control negotiations that will be the subject of the summit? Some have argued that the summit should have been canceled because of the Lithuanian crisis.

In addition to arms control, the Congress has begun work on the fiscal 1991 defense authorization bill. What weight should be given the new hard line as we decide how much to spend next year on defense?

And what of Gorbachev, himself? Questions have been raised about his survival. What role should that play in our deliberations?

These are all important questions—questions about our tactics in dealing with the Soviet Union. But tactics are one thing and our national safety is another. How do we determine what we can safely do even if the line from Moscow—or indeed the leader in Moscow—changes?

We do it with a cold-eyed analysis of what is truly important—the state of the military threat posed to the United States by the Soviet Union. And that is what I would like to talk to you about today.

The current debate over this threat was joined in earnest on March 1st when CIA Director William Webster testified before the House Armed Services Committee at the same time that Defense Secretary Dick Cheney appeared before a subcommittee of the House Foreign Affairs Committee. Some things they agreed on, some things they disagreed on. In their disagreement lies the very heart of our defense debate this year and the larger issue of the end of the Cold War.

First of all, Cheney and Webster do not disagree about the enormous changes we have seen in 1989 in the Soviet Union and Eastern Europe and the impact these changes have upon the security of the United States. Both of them, for example, would agree that the conventional threat to Europe has changed significantly. The unilateral force reductions ordered by Mr. Gorbachev, the reductions in the armed forces of the Soviet Union's Warsaw Pact allies and the political changes that have gone on in the Eastern European countries have already changed the military situation. The Soviets have already agreed to withdraw their troops from Hungary and Czechoslovakia by mid-1991 and the impending agreement on Conventional Forces in Europe or CFE will reduce the Soviet threat even more. The result is, as both Cheney and Webster would attest, a dramatic and significant reduction in the threat to Europe.

Similarly, both Cheney and Webster would agree that there has been little change in the Soviet Union's strategic forces. The Soviets continue to build more ICBMs, more submarines that carry ballistic missiles and more bombers. However, they do not appear to be building weapons that they would have to destroy under a START agreement and may not be buying as many Blackjack bombers as we once thought. But otherwise, the modernization of their strategic forces continue. Both Cheney and Webster would agree—no change here.

In between these two extremes—enormous changes in Europe and little change in the strategic equation—there have been some changes in Soviet forces in other regional areas, particularly the Indian Ocean and the Far East, and in other parts of the Soviet budget, naval forces for example. And both Cheney and Webster essentially agree on what is going in these areas as well.

However, there is a difference between them when it comes to speculating about what might happen in the Soviet Union itself.

Dick Cheney is famous for being the most pessimistic of President Bush's top advisors about Gorbachev's chances for survival. A year ago he predicted that Gorbachev's reforms would fail and that he would be replaced by someone more hostile to U.S. interests. Since then he has been asked frequently, most recently about a week ago, if he has changed his mind. Cheney said no—and even added that his pessimism had deepened because Gorbachev seemed to be backing away from making radical economic reforms.

Judge Webster sees things differently. First, he believes that Gorbachev is in better shape politically than does Cheney. Second, Webster believes that the real threat to Gorbachev is from those who believe that reform hasn't gone far enough, not those who think it has gone to far. Third, Webster does not reject the possibility that Gorbachev could be turned out of office—even (as Cheney believes) by someone who would be more hostile to U.S. interests.

Projecting Gorbachev's future is a cottage industry in this town. Very often those who would make predictions about it argue that we have to be careful about what we do in arms control and in our defense budget because Gorbachev might not survive. Some defend Cheney's caution about changes in our defense on this ground. Cheney sometimes characterizes the argument this way, himself. But that is not really what the debate should be about.

What Webster said is that regardless of what happens in the Soviet Union, the reduction we have seen in the threat to the West is irreversible in several very important ways. Cheney, on the other hand, thinks that the threat could come back fairly easily, say, for instance, if a hardliner replaced Gorbachev. The critical part of the debate, then, is not over the reversibility of what is going on in the Soviet Union. It is over the reversibility of the reduced threat to the United States.

Cheney thinks a new Joseph Stalin or Leonid Brezhnev could ramp the threat back up again. Webster says it doesn't much matter if a new Joe Stalin shows up, the changes that have swept Eastern Europe cannot be undone: the Eastern European countries have gone their own way politically and, while there might be some backsliding in some countries, the reemergence of pro-Soviet communist regimes throughout Eastern Europe is most unlikely, to say the least.

The Soviet high command used to have direct control over the military forces of Eastern Europe which contributed about 40 percent of the Warsaw Pact's ground forces. Now the Soviet military commander must contemplate fighting his way through Eastern Europe before even reaching NATO. Webster says you can't get that particular Humpty-Dumpty back together again. These changes are pretty much irreversible no matter who rules in Moscow.

Basically, I think that Webster is right—that in some important ways the Soviet

threat is reduced irreversibly. But there is more.

Since Webster's testimony on March 1st, there has been additional evidence to support the view that the changes in the threat are not going to be reversed, that change is deeper and even more irreversible than Webster thought.

Fragmentary information is appearing in the papers—and it's backed up by the intelligence community—that the Red Army is in deep trouble—engulfed in the same turmoil that has afflicted Soviet society. The Soviet military is under siege from a host of social problems—including ethnic and political dissent, deteriorating living conditions, separtist activity, a post-Afghanistan syndrome, declining power and status, and emerging generational cleavages—that clearly affect its ability to perform:

—Soldiers, particularly in the Transcaucuses, are deserting their units and joining unofficial "national armies" that are resisting the Soviet security forces.

—Reservists aren't reporting for duty when they are called up and protests forced the Soviet General Staff to cancel a reserve call up last January during the riots in Baku.

—Draft resistance increased last year and may rise sharply this year as results of separatist activity in the Baltics and Transcaucuses.

It seems increasingly evident that the Red Army is in the grip of an institutional crisis.

The House Armed Services Committee asked some of our leading experts on the Soviet military, both outside the government and in the intelligence community, how all this affects the ability of the Red Army to perform as it used to. They agreed that if faced by a credible invasion threat—namely a new Hitler—the Red Army could reconstitute itself quickly.

But using the Red Army outside of Soviet borders would be very difficult, if not impossible in some instances. It took almost a year for the Soviets to mobilize for a possible invasion of Poland in 1980; doing it in 1990 seems out of the question. A full-scale attack on Western Europe or another Afghanistan adventure seem equally improbable.

In addition, some experts noted that doubts about the reliability of the Red Army put significant limits on how it might be used even inside the Soviet Union. They have to be careful about the ethnic composition of the forces they use—for example, last January's occupation of Baku in Azerbaijan.

The growing evidence that the Soviet military is an institution in crisis adds another element of irreversibility to the reduction in the Soviet threat. It affects not just the conventional threat to Europe but the Soviet threat everywhere. An army in the throes of an authority crisis and facing possible disintegration is not a reliable instrument for external aggression.

The debate, then, isn't over whether the reforms inside the Soviet Union can be reversed. They can. The debate is over whether these enormous changes in the threat to the United States can be reversed. The answer is—by and large they can't.

But this isn't the whole story. There are some areas where the Soviet threat has not diminished much, if at all. As I mentioned earlier, for instance, Cheney and Webster were agreed that there had been little change in what the Soviets were doing with their strategic forces.

And strategic forces aren't the only place where Cheney sees no change. The defense secretary recently completed a review of the four major new aircraft programs underway at the Pentagon and reported on his plans for those programs to the House and Senate Armed Services Committees. When he reported, he argued that the Soviet Union would continue, as it has in the past, to invest heavily in air defense weapons, thereby necessitating going ahead with the B-2 because improvements in Soviet air defenses will mean the B-1 can't perform as a penetrating bomber beyond the 1990s. Cheney also predicted that the Soviets would continue to produce new qualitatively better weapons as they had in the past although perhaps with some delay in procurement. For example, he predicted the Soviets would produce new tactical fighers as follow-ons to their Su-27 Flanker and MiG-29 Fulcrum, thus necessitating our continued expenditure on the Advanced Tactical Fighter.

These assertions present us with a different kind of question, a lot toughter kind of question, namely, what are the Soviets going to do in the futue. Will they continue to spend as much on defense as they have in the past? Let's see what we know that bears on that question.

The CIA recently gave its annual report on the state of the Soviet economy. Economic performance in 1989 was "abysmal," the worst since Gorbachev took over, the report said. CIA believes that the near-term prospect of even a modest economic recovery appears to be "remote at best."

According to press accounts, Soviet economists visiting in this country were surprised by the CIA report when it came out. They said the CIA was too optimistic. They said the real Soviet GNP was smaller than that estimated by the CIA, and the percentage that goes to the military was higher than the CIA thought.

Moreover, the Soviet economy in such a fragile state that a severe shock—such as ethnic unrest or prolonged labor strikes in key economic areas, both of which seem likely—could cause the economy to deteriorate sharply.

To compound the problem, Gorbachev has backed away from necessary reforms. After pushing through political measures that greatly enhanced his power, Gorbachev developed a set of radical economic measures that he presented to his Presidential Council for discussion. He decided the risk of social unrest was too great and instead ordered some watered-down reforms that will fail just as they did in the past. The Soviet economy is collapsing and it doesn't look like Gorbachev can turn it around.

Bad news for the Soviet economy is good news for American security. I listen to what the intelligence services say about the state of the Soviet economy and don't see how Moscow can spend the billions of rubles on defense that Cheney says they will. Cheney listens to them and says the follow-on aircraft might be deployed a couple of years late. I am deeply skeptical.

It's not just billions of rubles we are talking about. Scientists, engineers and other technical people are also in short supply and can only support so many initiatives. If its talented workers, and its limited computer and other resources continue to be dedicated chiefly to defense, it will have to pass up desperately needed improvements in the civilian economy.

And just how was outlined by the CIA which put it in these words:

"Soviet economic performance was abysmal in 1989—the worst since Gorbachev took over. . . Widespread breakdowns in transportation and distribution interfered with the delivery of output to both producers and consumers. The vital energy sector led the downturn in industry; for the first time since the 1940s. Total energy production fell compared to the previous year." End quote.

Next year the Soviets will start on another five-year plan. Gorbachev knows that in the absence of radical reforms his principal hope on the economic front is to shift more resources from defense to civilian uses. I think it is possible we will see cutbacks in areas—such as air defenses, aircraft carriers and even strategic forces—that will be significant and add another element of irreversibility to the declining Soviet threat.

If this happens, Cheney's arguments for such weapons as the B-2 and the advanced tactical fighter will be sharply undercut.

So, the real debate we should be having this year is not about whether Moscow is taking a harder line for the moment. It's not even about whether Gorbachev and his reforms will succeed, although we hope they do for the sake of the Soviet people. Our arms control agreements and the steps we take in our defense budget have to outlive today's negotiating posture and even today's Kremlin leader. Our national security is for keeps.

That's why the real debate is over the real threat we face today and about how quickly it could change. It's more than an academic argument. How we decide it will determine what we do in the 1991 defense budget. The worst thing we can do is spend too little on defense. The next worse thing we can do is spend too much. We have it get it right.

From the preceding, we already know something we can do. The threat to the United States' allies and interests in Europe is greatly diminished and it isn't coming back. We can cut there.

We know the Soviets have so far continued to modernize their strategic nuclear arsenal. For the time being, we have to negotiate those weapons down. They haven't started giving strategic systems away yet. So we should definitely go ahead with this arms control summit. If we're worried about changes in Moscow—in both policy and personnel—we're better off with an agreement that will be binding on the next regime.

On the question of what we should do next with our new generation of sophisticated weapons such as the aircraft Cheney discussed we should be less sure. As I said, I'm deeply skeptical about his prediction that the Soviets will press ahead with two new fighter planes and enormously expensive new air defenses.

But even those who aren't that skeptical should agree that this may not be the time for us to press ahead full bore with our matching modernization. With the terrible economic troubles facing the Soviet Union, its new five year plan may have some surprises in it at the expense of the Soviet military. It just might be worth waiting a while to find out.

TRIBUTE TO STANLEY K. SHEINBAUM

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 11, 1990

Mr. EDWARDS of California. Mr. Speaker, on Tuesday, June 12, Stanely K. Sheinbaum will be honored at a benefit for Human Rights Watch on the occasion of his 70th birthday. His devoted efforts over many years in defense of civil liberties and on behalf of peace and justice around the world certainly make him the logical choice for this tribute.

But it is perhaps typical of Stanley, that his special evening will also serve as a fundraising benefit for Human Rights Watch, a group with which he has been associated since 1981 and whose California chapter he has chaired since 1987. After all, why waste a perfectly good birthday, when you can put it to work for a good cause?

Stanley has been a long time good friend of so many of us here in this Chamber. I know my colleagues join me in offering hearty best wishes for his 70th birthday.

I thought my colleagues might enjoy seeing one of the tributes that will be paid to him on his special night. Those remarks, by Richard Parker, follow:

SO, TELL ME, WHAT EXACTLY HAS SHEINBAUM DONE TO DESERVE THIS?

(By Richard Parker)

It was past midnight, and I was sound asleep when the phone rang. "Pawkah" was the first word I heard, but it told me instantly who was calling. Who else could kidnap the two "r"s in the name "Parker" so easily? By the time I heard "I gotta tawk ta ya", I barely noticed than an "I", an "a", an "o" and a "u" had all been taken hostage too. I knew though—even before the voice told me—that this was "impawhtant".

It was Stanley. I don't remember where he was calling from—it might have been a plane at 40,000 feet, or a car rushing somewhere at 60 miles an hour, or some remote part of the globe where most people don't make even local calls. Nor do I recall now why this particular call was "impawhtant"—but it was, and it propelled me into sudden and frantic activity.

It's been like that for more than 20 years now—the phone will ring, and "Pawkah, I gotta tawk ta ya" will launch me into some new responsibility or adventure. Many of you have gotten the same call, with that same unmistakable voice at the other end of the line—and, if you're like me, you greet it as a sort of wake-up call from life.

Mark Twain once observed that he tried to act by a simple credo. "Do the right thing", he said. "This will satisfy some people, and astonish the rest". Stanley has been satisfying and astonishing people as long as I've known him. In the Sixties, it was by recognizing early on the horror and stupidity of the Vietnam War—and saying so publicly and forcefully, while too many peers were still calibrating their timorous doubts and concerns. He wrote for, and bankrolled, Ramparts in its assaults on the period's conventional wisdom. He ran for Congress twice—a full-fledged member of Lyndon Johnson's party, and a full-out opponent of the President's Asian war. He went to Chicago in the summer of 1968—and voted his heart, as a "Clean for Gene" McCarthy delegate.

In the Seventies, he took on Nixon, Kissinger & Co., as head of the Pentagon Papers defense team—an act, I told him then, meant only to prove he was bipartisan. In truth, his willingnes to do right, by its victory, served notice on those who sought not only to perpetuate an evil war, but to compromise our basic rights to privacy and a free press as well.

A peer of his might have called it the Seventh Day, and rested—but not Stanley. The Pentagon Papers drove home for him just how deeply threatened our Bill of Rights was, nearly two centuries after its creation, and how deeply justice cried out for its defense. So it was on to the ACLU, and its Southern California chairmanship—and to the Committee for Public Justice, the Legal Defense Center, the Bill of Rights Foundation, the Center for Law in the Public Interest, and the Clarence Darrow Foundation, just for good measure.

But justice requires, for its success, a populace schooled in liberty's rights—and obligations. So in addition to his other responsibilities, Stanley signed on as a Regent of the University of California—and as a fellow of the Scientists Institute for Public Information, a director of the Council on Economic Priorities, a founder of Energy Action, a trustee of the Federation of American Scientists, and a commissioner of the California Postsecondary Education Commission.

And still no seventh day of rest. There was the planet to worry about—and eight years of Reagan to contend with. So it was on to service with People for the American Way, Human Rights Watch, the International Center for Peace in the Middle East, Common Cause. And of course word needed to be gotten out on all these issues—so a magazine was needed to be started, New Perspectives, with Stanley as publisher (the fifth or sixth he's been involved with, depending on who's counting).

Then there are the arts. Apart from assembling with his wife, Betty, their extraordinary collection of modern painting and sculpture (from Calder to deKooning), Stanley found time to chair the LA Music Center's Dance Committee—a fact that led one of his more purely political friends to moan, "Now when Sheinbaum calls, I don't know whether it's for Tutu or the tutus".

Why is it that we have all gathered here tonight to acknowledge and praise this quite remarkable man? At 70, most men would expect such a gathering to include a gold watch, a pat on the back and wishes for a pleasant retirement. But who among us—least of all Stanley—could think about retiring this national treasure, when he was so much yet to give, and the world offers so much yet to do?

Instead, I'd like to imagine we're here, recalling the night when Jack Kennedy gathered a hundred Nobel Laureates at the White House, and told them that never had the place held so much intelligence—save when Jefferson dined alone. In my mind, we've gathered tonight to show Los Angeles that in this town never has so much intelligence, wit and commitment been assembled in one room—save when Stanley works the phones alone.

Socrates once said he was the wisest of men, because he knew nothing—but I think you and I can go the old philosopher one better. We are the more blessed of men and women, because we know Stanley. Watching and working with him, we have learned what energy, devotion and vision can do in an often dark and despairing world. Through him, we have seen what Mark Twain meant to "do right"—and have been thereby not just "satisfied and astonished", but learned again the greater ability to do right ourselves.

If you asked him, Stanley would probably tell you knowing that was the best birthday gift of all.

ROBERT N. NOYCE

HON. TOM CAMPBELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 11, 1990

Mr. CAMPBELL of California. Mr. Speaker, the history of American ingenuity and entrepreneurship includes great names like Eli Whitney, Thomas Edison, and Henry Ford. Robert N. Noyce, who died Sunday, June 3, of a heart attack, belongs on this list as well.

In 1959, Robert Noyce coinvented the integrated circuit, also known as the microchip. The integrated circuit—which harnessed the tremendous power of semiconductors into practical use—was the catalyst for the electronics revolution. It became the building block for products like personal computers, calculators, and programmable digital watches. Like the Model T and the light bulb, the microchip helped America change the world.

Robert Noyce's contribution did not end with his invention. In 1968, Mr. Noyce helped found the Intel Corp., where he developed a method to build computer memories on semiconductor chips. Not only gifted with a brilliant scientific mind, Mr. Noyce was also a skilled manager who became a leader in commercializing the technologies his research made possible. He was also a forceful advocate for the electronics industry in Washington, receiving national awards in science and technology from Presidents Carter and Reagan. This February, he received the Charles Stark Draper Award from President Bush.

Mr. Noyce's most recent endeavor, which occupied him until the time of his death, was his work as president of Sematech. Sematech was founded in 1988 as a government-industry consortium to revitalize America's chipmaking. The future success of Sematech will be the result of Mr. Noyce's foundation.

In addition to all the foregoing, and so many other accomplishments, Bob Noyce was a good man. He was unassuming, never intimidating another through the impressive power of his mind. He was curious about everything and devoted to constructive analysis. His approach was always that of the problem solver, rather than the cynic; and the result is a host of achievements far beyond the technical areas of electronics.

Mr. Speaker, Robert Noyce's ingenuity and entrepreneurship have transformed the world. He was also a kind man, whose humility was as great as his genius. America is the richer for his life, and the poorer for his passing.

DON'T USE A SLEDGEHAMMER ON OUR DEFENSE FORCES

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 11, 1990

Mr. CRANE. Mr. Speaker, I am increasingly worried about the surface level analysis we are seeing today concerning our Nation's defense needs. For one to believe that war, in its many forms, has become obsolete in today's world in quite obviously incorrect. However, it seems that this is the strong belief of proponents of a peace-dividend. Short-run, quick-fix policies are often popular political maneuvers, but seldom prove to be the correct response in a given situation.

Sir Issac Newton once said that "every action has an equal and opposite reaction". Taking action without careful consideration of such reactions is foolhardy and very dangerous. One need only consider nations such as Iraq and Syria who maintain substantial forces equipped with the most advanced weaponry to realize the need for a continued strong defense. Furthermore, the fact that unrest is still prevalent throughout Eastern Europe, as is evidenced by the turmoil in Lithuania as well as the outcome of the recent fraudulent elections in Romania, is reason enough to think twice before we take a sledgehammer to our defense programs.

History has proven again and again the foolish nature of hastily implemented policies. To quote from his essay entitled, "Don't Cash the Peace Dividend," which appeared in the March 26 issue of Time, Mr. Charles Krauthammer states, "We are once again in the grip of post war euphoria, and our instinct is to do what we have always done: demobilize first, ask questions later." We cannot afford to allow ourselves to become victims of post cold-war euphoria, and permit our Nation to follow the policies of immediate demobilization in the face of real potential threats around the globe. I strongly urge my colleagues to read the following article entitled, "Don't use a Sledgehammer on our Defense Forces" by F. Andy Messing, Jr.

[From the Los Angeles Times, Feb. 21, 1990]

DON'T USE A SLEDGEHAMMER ON OUR DEFENSE FORCES

(By F. Andy Messing, Jr.)

In a preemptive move, Secretary of Defense Dick Cheney announced a "streamlining" of the U.S. military, theoretically to save $39 billion. He had previously ordered the defense Establishment to reduce spending by $180 billion over a three-year period. Now President Bush is planning troop cutbacks. These are opening plays in a football game between the Administration and Congress—a game designed to take advantage of the temporary aberration caused by the greatest geopolitical reorganization since World War II. But the players are not focusing on certain vectors that will eventually converge and how to handle them.

From 1946 to 1956, Japan and Germany rebuilt their states with the help of countries that were instruments of their defeat. In that period, the world saw these nations rebound and become stable. Then, between 1957 and 1970, they became serious competitors in the world marketplace. After 1971, they became superpowers.

Today we see an analogous situation: The West is starting to rebuild the Soviet Union and the East Bloc. But it will not take the Soviets as long to recover. The Soviets' natural resources, technological advances and taste for a better life will make their rebound possible, amazing even their most cynical detractors.

The only major difference today from 40 years ago is that both the Japanese and German military-industrial complexes were destroyed and then restricted. But the military-industrial complex of the Soviet Union will still be intact, commanding about one-quarter of gross national product. Keeping in mind that President Mikhail S. Gorbachev may not have real control over his military, much less be able to retain power, one can safely assume that the Soviet military institution will promote its own agenda. Careful moves will enable it to survive an initial contraction and flourish as the economic transformation occurs, thanks to Western investment. Mutant forces—in Cuba, Vietnam, Angola and other areas—will emulate this model, generating their own turmoil. This will contribute to conflict aimed at the Free World for decades to come.

The expanding world population, with its depletion of our environment and resources, is another vector generating conflict. The population of our planet is 5.3 billion and growing exponentially. This crowding will replicate the psychology experiment demonstrating how two mice in a grocery box with an ounce of cheese are friendly, 20 under the same conditions are feisty and 200 murderous. The competition for markets, resources and trade routes will in itself generate turmoil.

Furthermore, the idea that war will become obsolete, as predicted by the authors of "Megatrends 2000," especially when the drug and terrorism vectors are considered, is unfortunately ridiculous. The notion that the level of intensity will decrease is pure fantasy, because the proliferation of nuclear, biological and chemical weapons is on the increase.

As the world reels under an average of 30 wars a year, our leaders are auctioning off our constitutionally mandated defense Establishment for a "peace dividend" that is shortsighted compared to the consequences. The remaining hollow shell, if not directed toward these specific, expanding threats, will eventually prove as rigid as the French military was in the late '30s.

Our President and military leaders, when cutting defense spending, should not be tempted to use a sledgehammer when they can use a scalpel. Accordingly, there must be selective use of Special Operation Forces to keep violence at its lowest level. Conventional brute force will be too expensive in terms of manpower, political risk and resources for the increasing and frequent small conflicts around the world. It should be saved and used only when appropriate, with Congress supporting this concept.

Cheney must not focus on a cheaper version of the same old military with the same antiquated insights. He has to reorient and redesign our defense Establishment to meet these multidimensional threats with the resources to do the job of protecting America.

THE 60TH ANNIVERSARY OF THE PORT WASHINGTON, LONG ISLAND, CHAMBER OF COMMERCE

HON. ROBERT J. MRAZEK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 11, 1990

Mr. MRAZEK. Mr. Speaker, on June 13 the Port Washington, Long Island, Chamber of Commerce will celebrate its 60th anniversary as a nonprofit organization dedicated to serving the commercial, industrial, civic and general interests of the Port Washington community. I call the attention of my colleagues to this milestone and commend the Port Washington Chamber of Commerce for its contributions to the quality of life on Long Island.

Since its inception in 1930, the Port Washington Chamber of Commerce has taken an active and visible role in promoting the community. The organization distributed postal covers to commemorate the town's distinction as point of origin for the first mail flight to Bermuda. Later, the occasion of the first passenger flight to Europe saw chamber-organized ceremonies draw 5,000 spectators to see off the Pan Am Yankee Clipper.

In recent years, the chamber has continued its support of the community. It is involved in a campaign to protect and enhance the community's waterways and waterfront. It lobbied successfully for the enforcement of no-discharge regulations in Manhasset Bay and for the installation of pumpout stations at the town of North Hempstead dock and a local marina. It is lending its support to the revitalization of the town's central business district and to the alleviation of parking problems in the town, and serves as a leading participant in the Port Washington Child Care Partnership to bring improved child care services to working parents.

At a dinner dance on June 13, the chamber will install its 60th anniversary officers and board of directors, Mr. Speaker. It also will bestow its Distinguished Community Service Award on Andrea Martone, a longtime Port Washington resident and the editor of the Port Washington News.

Mr. Speaker, the business leaders, professionals and residents who make up the Port Washington Chamber of Commerce deserve a special commendation for their community activism and for continuing a spirit of voluntarism for the community that has been a hallmark of the organization for 60 years. I'm sure my colleagues join with me today in saluting the Port Washington Chamber of Commerce for its good works, and I wish the organization further successes in the future.

IN SUPPORT OF PASSAGE OF THE EXPORT ADMINISTRATION ACT AND CONGRESSMAN LEVINE'S AMENDMENT

HON. ENI F.H. FALEOMAVAEGA

OF AMERICAN SAMOA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 11, 1990

Mr. FALEOMAVAEGA. Mr. Speaker, I join my colleagues in support of passage of the Export Administration Act and the inclusion of Congressman LEVINE's amendment to control the export of crude oil from California.

Mr. Speaker, I support Congressman LEVINE's amendment to the Export Administration Act. Export controls on Alaska and California crude oil affect much of the Nation and especially my territory because our prices for petroleum products are tied to prices on the west coast. Current export restrictions assure that our domestic suppliers have adequate local crude oil for their refineries. If a change in export policy causes these refiners to suffer a reduced supply of their preferred local feedstock, the result could likely be processing inefficiency, higher raw material costs, and higher consumer prices for finished petroleum products.

Like other areas of the country, the economy and people of my territory rely on petroleum products for nearly all our energy needs. We have no access to nuclear or hydroelectric power, and coal is not a feasible substitute for petroleum. In addition to gasoline and diesel used by our cars and trucks, our commercial fishing fleet and air carriers require large amounts of distillate fuels. We also rely on diesel fuel for electrical power generation.

I am, therefore, concerned that export of domestic crude oil could put upward pressure on prices for petroleum products in American Samoa.

Mr. Speaker, for these reasons, I support the amendment as introduced by my colleague Congressman LEVINE.

EVARTS HIGH SCHOOL SETS THE PACE IN EDUCATION

HON. HAROLD ROGERS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, June 11, 1990

Mr. ROGERS. Mr. Speaker, Evarts High School in Harlan County, KY, is setting trends in education that other schools across the Nation would do well to emulate.

Two years ago, the Prichard Committee for Academic Excellence chose Evarts High and seven other Kentucky schools to participate in a grand experiment. The Prichard project, as it has come to be known, encourages schools to begin the school year with a clean slate. A new classroom structure. New and innovative classes, many specially designed to meet the needs of Appalachian students. New opportunities for teachers to share their unique and underutilized talents with their school.

The Prichard project works from one fundamental principle: motivation. Teachers, administrators, students, parents, and the local business community have been enlisted to build an Appalachian school they can all be proud of.

And they have every right to be proud. Teachers and students alike are thriving at Evarts High School. Test scores are up. Interest in classes, and old-fashioned school spirit have never been higher. All just two semesters after the Prichard program took effect.

I applaud Evarts High School and the community which it serves for participating in the Prichard project. The whole Evarts community will surely see further success in the second year of the project, because the Prichard committee has provided a sound plan, and dedicated legions of students, faculty, administrators, and parents at Evarts High School have put the program to work.

STUDENTS GATHER FOR NATIONAL HISTORY DAY COMPETITION

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, June 11, 1990

Mr. MAZZOLI. Mr. Speaker, a different kind of summit is taking place this week in the Washington area. It won't be attended by the leader of the Soviet Union or the President of the United States—at least not yet. But, it most certainly will have in attendance a great number of tomorrow's leaders. I am describing the National History Day competition being held this week on the campus of the University of Maryland at College Park.

From all across the United States, young men and women will showcase their scholarship, research, and intellectual curiosity in a variety of historical project presentations. The students gathering here have already successfully competed at the school, local, and State levels. They are winners in every sense of the word.

I am glad to see the National History Day competition provide such a forum for encouraging scholastic achievements by our youth. A study of history can reveal invaluable lessons toward a better understanding of our culture, our society, and our world.

It seems a particularly appropriate endeavor for the students of this generation to be engaged in historical research. So many changes are sweeping the historical landscape. Each and every day provides new perspectives on what the future may bring. The world these distinguished young scholars inherit will be quite a different one than the world we Members deal with daily.

I am very pleased and proud that so many talented young students from my home district of Louisville and Jefferson County are participating in this year's competition. From St. Edward's School we have: Kelly Demaree, Carrie Gandenberger, Teresa Seewer, Mary Wheeler, and Melissa Franconia. And, from St. Stephen Martyr School we have: Jude Stuecker, Kenzie Kapp, Suzanne Mangino, and Sally Bryan. Competing from Southern High School is Eric Kraus; from Kammerer Middle School, David Anderson; and, from Sacred Heart Model School, Lauren Hammann.

I salute all of these fine representatives of Louisville and Jefferson County—winners all—who have distinguished themselves and shown remarkable intellectual and creative talents in their study of history. Their achievements reflect highly on the guidance of their parents and teachers and certainly bode well for their success in life.

A TRIBUTE TO GRIMSLEY WHIRLIES

HON. HOWARD COBLE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 11, 1990

Mr. COBLE. Mr. Speaker, around the rest of the world it is known as football. In the United States it is called soccer. Soccer is becoming increasingly popular among our youth. Also, the caliber of play is improving as more and more youngsters try their hand—or should I say foot—at soccer.

Because more people are playing and the quality of the game is improving, that makes what happened on June 2, 1990, even more impressive. North Carolina, which is becoming nationally known for its youth soccer enthusiasts, crowned a new State high school girls' champion on June 2. That championship team calls the Sixth District home, and all of us who live there are proud to say that Grimsley High School of Greensboro is the 1990 North Carolina girls' soccer champions.

The Grimsley Whirlies defeated Sanderson High School of Raleigh 1 to 0 to capture the statewide crown. Grimsley's Millicent Thornton kicked in the only goal of the game with 55 minutes left to play, and goalkeeper Mia Speckman and the rest of the Whirlies made that goal stand up. It was truly a team effort. In addition to Thornton and Speckman, congratulations should go to Kim Woodell, who assisted on the only goal and was named as the game's most valuable player; sweeper Susie Williams who blocked what appeared to be a sure-fire goal; and every member of the Grimsley squad: Margaret Brown, Tracy Coble, Duren Cowan, Erin Everton, Debbie Forrester, Karen Forrester, Jennie Haines, Stephanie Jay, Katie Hess, Jan Johnson, Amy Martin, Mary Milligan, Robyn Osborne, Emily Pifer, Tina Pifer, Chris Reynolds, Juli Sherbon, Megan Sural, Emily Wickline, and Anne Wood. Thanks also go to trainer Rob Simons and scorekeepers Jarrett Franklin, Todd Pascarella, and Brian Merrill.

This championship was particularly sweet for Coach Herk DeGraw. It was the Grimsley coach's first State title in four tries—two with the Grimsley girls and two with the boys. The championship was Grimsley's first after advancing to the semifinals five times in the State tournament's first 5 years of existence. Congratulations to Herk DeGraw and Assistant Coach Sidonie Lysiak for clearing that final hurdle and bringing home the crown. Director of Athletics Robert Sawyer also deserves praise for overseeing an outstanding program at Grimsley.

On behalf of the citizens of the Sixth District of North Carolina, congratulations to the Whir-

lies of Grimsley—the 1990 North Carolina high school girls' soccer champions.

POLK COUNTY DRUG-FREE SCHOOL PROGRAM WINNERS

HON. ANDY IRELAND

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 11, 1990

Mr. IRELAND. Mr. Speaker, I rise to commend two schools in Polk County, FL—part of the 10th District which I represent—for being named as winners in the U.S. Secretary of Education's 1989-90 Drug-Free School Recognition Program. I am especially proud to note that Frostproof Junior Senior High School and Haines City High School are two of 51 schools selected out of 261 nominations nationwide for their efforts to create and maintain a drug-free environment for their students.

Now in its third year, this Drug-Free School Program honors schools that substantially reduce alcohol, tobacco, and other drug use among students. As winners, Frostproof Junior Senior High and Haines City High have set clear no-use drug policies. They have established enforcement procedures for upholding this policy, and have provided their students with an ongoing plan to remain or become drug free.

Today, representatives from both these schools are participating in a Rose Garden ceremony at the White House where President Bush will honor the 51 winning schools from across the country.

The Frostproof Junior Senior High Program stresses drug prevention activities. Students, faculty, parents, and staff work together to provide outreach and information on staying drug free. One hundred percent of their student body is involved in some aspect of the program, which teaches self-confidence and self-awareness as the most important aspect of preventing drug abuse. And the program doesn't stop with the end of the schoolday. Frostproof parents logged over 1,228 hours of volunteer service this past year, advancing the drug-free message. The program is run in cooperation with local law enforcement agencies, who meet each fall with students and provide various presentations in the school.

Haines City High School's Drug-Free Program involves all aspects of the community in working toward the goal of making—and keeping—Haines City's students drug free. Through community awareness programs at the local chamber of commerce, health fairs at area shopping malls, community forums for at-risk youth, student focus groups, and other community activities, Haines City promotes its drug-free message. Parent involvement is strong in this program, with some 7,000 volunteer hours logged last year in drug-free activities. The Polk County Sheriff's Department and Haines City Police Department support the program through speeches, security and crowd control activities, and special programs.

We as a Nation have declared war on the drugs and drug-related crime that jeopardizes our children and our communities. We know that education is our most valuable defense against this national scourge. With the programs developed by Frostproof Junior Senior High, Haines City High, and other schools across the country that care about America's future, we are winning the war on drugs. These schools provide us with hard evidence that it can be done, one community at a time. I am proud to represent these students, faculty, staff, parents, and community leaders in the U.S. House of Representatives.

A TRIBUTE TO DR. THOMAS ELLIOT JETER

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, June 11, 1990

Mr. CLAY. Mr. Speaker, on June 23, 1990, the American Heart Association, at its 42d, annual meeting, will recognize the exceptional contributions of one of its Washington area members, Dr. Thomas Elliot Jeter. Dr. Jeter, associate professor of oral and maxillofcial surgery, will be conferred the Louis B. Russell, Jr. Memorial Award for his outstanding achievements in promoting minority health care.

Dr. Jeter's association with the American Heart Association began with his participation in cardiac life support at Howard and Georgetown Universities. Since then, he has been instrumental in the development of the Nation's Capital affiliate of the American Heart Association through education and community programs providing for the underserved, low income, black, and other minority communities in the District of Columbia. In 1980, he initiated programs in the junior and senior high schools to teach black students the critical nature of hypertension among black Americans. He also helped establish the first programs of basic cardiac life support at Howard University. In 1984, Dr. Jeter was recognized by Congress for his pivotal role in training 10,000 Federal employees in the Federal employees pyramid for CPR. At the beginning of this year, he established four community-based American Heart Association health facilities.

As a result of Dr. Jeter's commitment to community involvement, the National Capital affiliate has thrived and flourished. Approximately 40 minority volunteers have been recruited. As of 1989, 28 percent of the affiliate leadership was composed of minorities and this percentage is expected to increase. The affiliate has also established two new fully functioning divisions, each composed primarily of a minority population.

Dr. Jeter has served on the American Association of Hospital Dentists—the American Dental Association, the American Association of Oral and Maxillofacial Surgeons, the National Dental Association, and various other community organizations. He has also been the recipient of several service awards, including the AHA Community Involvement Award, Volunteer of the Year Award, and the J.B. Johnson Community Organization Award.

Dr. Jeter recently said in the Nation's Capital affiliate newsletter, "Bringing programs and services to the people who need them and working to effectively improve their options for a better, healthier life has been a driving force in my life." Dr. Jeter's visionary work has advanced the mission of the American Heart Association among a population with substantial need. He certainly deserves to be honored for his tremendous commitment to improving health care services in the minority community. I congratulate Dr. Thomas Jeter on this very special occasion.

TRIBUTE TO DOROTHY G. WOODWORTH AND MARGE VASU

HON. JAMES A. TRAFICANT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 11, 1990

Mr. TRAFICANT. Mr. Speaker, I rise today to pay tribute to Dorothy Woodworth and Marge Vasu, two of the many dilligent and hard working volunteers for the Arms Museum/Mahoning Valley Historical Society in my 17th Congressional District of Ohio.

Mrs. Woodworth started working at the Arms Museum in 1974. Since then, she has generously donated her time to projects ranging from acquiring the hats of the original proprietor to storing and repairing the museum's costume and textile collections. Since 1976, Dorothy has been an active member of the museum's board of trustees.

Marge Vasu began volunteering her time to the Museum in 1984, when the Historical Society needed her expertise, gained from a 23 year teaching career, to help setup a new computer system. She has been with the society ever since, manning the computers, and logging hundreds of hours setting up files, automating the mailing system, and storing the society's long range plan.

Without volunteers such as these, many small, but infinitely important organizations like the Mahoning Valley Historical Society would never be able to function. These organizations which are often overlooked when compared with the larger, nationwide groups, provide many services, and perhaps more importantly, a sense of community spirit otherwise lacking in many places.

These two fine citizens, Dorothy Woodworth and Marge Vasu, are excellent representatives of the volunteering spirit which keeps these organizations afloat. I would like to commend them and state that I am proud to have them as my constituents.

HONORING SCHOLASTIC EXCELLENCE

HON. C. CHRISTOPHER COX

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 11, 1990

Mr. COX. Mr. Speaker, I rise today to pay tribute to a group of truly remarkable students from Laguna Hills High School in Laguna Hills, CA, who recently completed a decathlon. They weren't running in a track meet or throwing the javelin or attempting the high jump, but they spent hundreds of hours after school, on

weekends and during their vacations training for this contest. There nine young men—six seniors and three juniors—were victors in a decathlon for the mind. Last month, these Luguana Hills students placed second in the ation in the 1990 U.S. Academic Decathlon.

The Laguna Hills squad began their quest by winning the Orange County and California State academic decathlon championships. In the national finals held last month in Des Moines, they finished less than 1 percent behind the first place team. One student, Bill Fischer, finished first in this division.

Each of the young men on the team is winner. Because of their commitment to excellence and their willingness to endure sacrifices, they were able to bring home more than $7,000 in scholarship money, more than any other team. In fact, the team captain, Jeff McCombs, was awarded a 5-year scholarship to one of the finest schools in America—and my alma mater—the University of Southern California.

Mr. Speaker, I am sure the Congress will join me in honoring these fine young men from Laguna Hills and their coaches, Roger Gunderson and Kathy Lane, who were named "Teachers of the Year" by the Orange County Chamber of Commerce for their success. Congratulations for a job well done to:

Jeff McCombs, senior and team captain.
Mike Lee, senior.
Jack Dietz, senior and scholarship winner.
Julian Kingston, senior and scholarship winner.
Bill Fischer, senior.
Jeff DeWitt, senior.
Jay Kim, junior and scholarship winner.
Ryan Sakamoto, junior.
Todd Faurot, junior.

TRIBUTE TO LARRY AND GINNY WELSH ON THE OCCASION OF THEIR 50TH WEDDING ANNIVERSARY

HON. THOMAS M. FOGLIETTA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 11, 1990

Mr. FOGLIETTA. Mr. Speaker, I rise today to honor a couple who have recently reached one of our society's most cherished milestones, their 50th wedding anniversary. When Lawrence F. Welsh took his vows with Virginia R. Nyer before Father Frank Mealey at 11 a.m. on May 29, 1940, in St. Edwards Church in Philadelphia, I am sure that both of them hoped for a long and prosperous marriage. God has blessed them and they have shared their lives for these past 50 years. Larry started a long career with the Postal Service as an inspector in Philadelphia. The training and experience he gained in the Philadelphia area held him in good stead since he went on to become the Assistant Postmaster in Cape May, NJ, where they reside today. The Welsh family is renowned in Cape May for its friendly, neighborly Irish hospitality and its concern for the community. They have become a part of the fabric of that beautiful community by the sea.

The Welsh's marriage has been blessed with four children—Pat, Sharon, Mike, and Terry—as well as 12 grandchildren and four great grandchildren.

JEANNETTE HONORS CLARKSON

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 11, 1990

Mr. MURTHA. Mr. Speaker, on May 27, the city of Jeannette, PA, held a ceremony to honor one of their citizens whose athletic career took him from Jeannette to a career in the Negro Baseball League and a brief appearance with the Boston Braves.

James (Buster) Clarkson was a baseball, football, and basketball star at Jeannette High School. He then went on to star at Wilberforce College, and from there signed to play in the Negro Baseball League. Buster was an outstanding player for the Philadelphia Stars in the days before Jackie Robinson broke the color barrier in 1947. Buster then moved into the Boston Braves' farm system, and was called to the majors in 1952. At the age of 36, this was his only major league season, but he continued to scout for the St. Louis Cardinals after his playing days were over.

Buster Clarkson passed away on January 18, 1989. His contributions to Jeannette and to Little League Baseball in Jeannette have been recognized by the citizens of the city by the placement of a memorial marker and the renaming of the West Jeannette Ballfield as the Buster Clarkson Field. I would like to recognize the achievements of Buster Clarkson, and congratulate the citizens of Jeannette on their recognition of Buster. His memory is an inspiration to all the Little Leaguers who will step on Buster Clarkson Field in Jeannette and dream of one day following him to the major leagues.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Tuesday, June 12, 1990, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

JUNE 13

9:30 a.m.

Armed Services

Defense Industry and Technology Subcommittee

To resume hearings on S. 2171, authorizing funds for fiscal year 1991 for military functions of the Department of Defense and to prescribe personnel levels for fiscal year 1991, focusing on implementation of the defense management report, and S. 2440, to revise certain provisions of law that affect the operations and management of the Department of Defense in the areas of military personnel, acquisition reform, civilian personnel management, and for real property.

SR-232A

Commerce, Science, and Transportation

Communications Subcommittee

To hold hearings on S. 2358, providing U.S. consumers the opportunity to enjoy the technological advancement in sound recording by use of digital audio tape recorders.

SR-253

Governmental Affairs

Oversight of Government Management Subcommittee

To hold oversight hearings to review U.S. progress in the implementation of the U.S.-Canada Great Lakes Water Quality Agreement.

SD-342

Rules and Administration

Business meeting, to consider proposed legislation authorizing funds for fiscal year 1991 for the Federal Election Commission, proposed legislation providing for the management of Senate official mail, proposed legislation authorizing the purchase of 1991 "We the People" calendars for the use of the Senate, and other pending calendar business.

SR-301

10:00 a.m.

Banking, Housing, and Urban Affairs

To hold hearings to examine financial service developments in Europe and Japan in relation to modernizing the American financial services industry.

SD-538

Foreign Relations

To hold hearings on the nominations of Roger G. Harrison, of Colorado, to be Ambassador to the Hashemite Kingdom of Jordan, and William B. Milam, of California, to be Ambassador to the People's Republic of Bangladesh.

SD-419

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

Business meeting, to mark up S. 1676, to direct the Secretary of Education to repay part of the student loans of teachers in certain school districts with high percentages of low-income children in an effort to strengthen the teaching profession, S. Con. Res. 123, to encourage State and local governments and local educational agencies to adopt a comprehensive curricular program which provides elementary and secondary students with a thorough knowledge of the history and principles of the Constitution and the Bill of Rights and which fosters civic competence and responsibility, and

proposed legislation authorizing funds for the National Foundation for the Arts and Humanities Act.
SD-430

1:30 p.m.
Commerce, Science, and Transportation
To hold hearings on the nomination of Olin L. Greene, Jr., of Oregon, to be Administrator of the United States Fire Administration, Federal Emergency Management Agency.
SR-253

2:00 p.m.
Commerce, Science, and Transportation
Consumer Subcommittee
To hold hearings on S. 1884, to establish a Bureau of Recyclable Commodities within the Department of Commerce to promote the use of recycled materials derived from municipal refuse.
SR-253

Foreign Relations
To hold hearings on the nominations of Richard W. Bogosian, of Maryland, to be Ambassador to the Republic of Chad, David Passage, of North Carolina, to be Ambassador to the Republic of Botswana, and James D. Phillips, of Kansas, to be Ambassador to the People's Republic of the Congo.
SD-419

JUNE 14

8:30 a.m.
Veterans Affairs
To hold hearings on title II and section 402 of S. 2100, relating to veterans physician pay and health issues, S. 1860, to require the Secretary of Veterans Affairs to furnish outpatient medical services for any disability of a former prisoner of war, S. 2455, to provide for recovery by the U.S. of the cost of medical care and services furnished for a nonservice-connected disability, S. 2456, to extend expiring laws authorizing the Department of Veterans Affairs to contract for needed care and to revise authority to furnish outpatient dental care, and other proposed legislation.
SR-418

9:00 a.m.
Armed Services
To hold hearings on the nomination of Admiral Frank B. Kelso, II, USN, to be Chief of Naval Operations.
SR-222

9:30 a.m.
Commerce, Science, and Transportation
To hold hearings in conjunction with the National Ocean Policy Study on proposed legislation authorizing funds for the National Oceanic and Atmospheric Administration's ocean and coastal programs.
SR-253

Governmental Affairs
To hold hearings on S. 1951, to promote interagency cooperation in the area of science, mathematics, and technology education.
SD-342

10:00 a.m.
Banking, Housing, and Urban Affairs
To hold oversight hearings on the competitive position of American industry in the world economy and methods to improve it.
SD-538

Judiciary
Business meeting, to consider pending calendar business.
SD-226

Joint Economic
To hold hearings to review the official definition of poverty, focusing on whether the Census Bureau's formula for measuring poverty needs to be updated.
340 Cannon Building

1:00 p.m.
Joint Economic
Education and Health Subcommittee
To hold hearings on strategies to better prepare non-college bound youth for the transition from school to the work force.
340 Cannon Building

2:00 p.m.
Armed Services
Strategic Forces and Nuclear Deterrence Subcommittee
To hold closed hearings to review the interim report by the Independent Review Group on the B-2 Bomber.
S-407, Capitol

Commerce, Science, and Transportation
To hold hearings on the nomination of Ming Hsu, of New Jersey, to be a Commissioner of the Federal Maritime Commission.
SR-253

Foreign Relations
To hold hearings on the Income Tax Convention with Spain (Treaty Doc. 101-16), Tax Convention with the Republic of Finland (Treaty Doc. 101-11), Tax Convention with the Federal Republic of Germany (Treaty Doc. 101-10), Supplementary Protocol to the Tax Convention with the Tunisian Republic (Treaty Doc. 101-9), Council of Europe-OECD Convention on Mutual Administrative Assistance in Tax Matters (Treaty Doc. 101-6), Tax Convention with the Republic of India (Treaty Doc. 101-5), and Tax Convention with the Republic of Indonesia (Treaty Doc. 100-22).
SD-419

Select on Indian Affairs
To hold oversight hearings to examine the Indian health service nurse shortage.
SR-485

Conferees
On H.R. 3, to authorize funds to expand Head Start programs and programs carried out under the Elementary and Secondary Education Act of 1965 to included care services.
2175 Rayburn Building

JUNE 15

9:30 a.m.
Veterans' Affairs
To hold hearings on the nominations of Donald L. Ivers, of New Mexico, and Jonathan R. Steinberg, of Maryland, each to be an Associate Judge of the U.S. Court of Veterans Appeals.
SR-418

10:00 a.m.
Foreign Relations
To hold hearings to examine U.S. policy toward Iraq, focusing on human rights, weapons proliferation, and international law.
SD-419

Judiciary
To hold hearings on pending nominations for the United States Sentencing Commission.
SD-226

JUNE 19

9:30 a.m.
Energy and Natural Resources
Water and Power Subcommittee
To hold hearings on S. 1765, to authorize funds for the planning and construction of the Mid-Dakota Rural Water System, and S. 2710, to authorize the Secretary of the Interior to construct, operate, and maintain the Lake Andes-Wagner Unit and the Marty II Unit, South Dakota Pumping Division in South Dakota.
SD-366

Veterans' Affairs
To hold hearings on the nominations of James W. Holsinger, Jr., of Virginia, to be Chief Medical Director, and Stephen A. Trodden, of Virginia, to be Inspector General, both of the Department of Veterans Affairs.
SR-418

10:00 a.m.
Foreign Relations
To hold hearings to review the results of the General Accounting Office study of Protocol 3 to Montreal Aviation Protocols (Ex. B, 95th Congress, 1st Session).
SD-419

Judiciary
Constitution Subcommittee
To hold hearings on S.J. Res. 295, to prohibit the Supreme Court or any inferior court of the United States from ordering the laying or increasing of taxes, and S. 34, to revise the Federal judicial code to deny to inferior Federal courts jurisdiction to issue any remedy, order, writ, or other judicial decree requiring the Federal government or any State or local government to impose any new tax or to increase any existing tax.
SD-226

10:30 a.m.
Environment and Public Works
Environmental Protection Subcommittee
To hold hearings on S. 2244, to prevent and control infestations of the coastal and inland waters of the United States by the zebra mussel and other nonindigenous aquatic nuiance species.
SD-406

2:30 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1991 for foreign assistance, focusing on U.S. military assistance.
SD-138

JUNE 20

9:30 a.m.
Commerce, Science, and Transportation
Communications Subcommittee
To hold hearings on S. 1974, to require new televisions to have built in decoder circuitry designed to display closed-captioned television transmissions.
SR-253

10:00 a.m.
Environment and Public Works
Toxic Substances, Environmental Oversight, Research and Development Subcommittee
To hold hearings on environmental issues relating to Avtex Fibers, Inc., in Front Royal, Virginia.
SD-406

Finance
To hold hearings to review the President's decision to renew most-favored-nation trade status to China.
SD-215

JUNE 21

9:30 a.m.
Rules and Administration
To hold hearings on S. Con. Res. 122, to establish an Albert Einstein Congressional Fellowship Program, and S. Res. 206, to establish a point of order against material that earmarks research moneys for designated institutions without competition.
SR-301
Small Business
To resume hearings to review the Small Business Administration's small business investment companies program.
SR-428A

10:00 a.m.
Foreign Relations
Business meeting, to mark up Montreal Aviation Protocols (Ex. B, 95th Congress, 1st Session).
SD-419

2:00 p.m.
Energy and Natural Resources
Public Lands, National Parks and Forests Subcommittee
To hold hearings on S. 2680, to provide for the relief of certain persons in Stone County, Arkansas deprived of property as a result of a 1973 dependent resurvey by the Bureau of Land Management.
SD-366
Select on Indian Affairs
To hold oversight hearings on S. 2451, to establish in the Department of the Interior a Trust Counsel for Indian Assets.
SR-485

JUNE 26

9:00 a.m.
Appropriations
Foreign Operations Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1991 for foreign assistance programs.
Room to be announced

2:00 p.m.
Judiciary
Patents, Copyrights and Trademarks Subcommittee
To hold hearings on S. 1772, to prohibit State lotteries from misappropriating professional sports service marks.
SD-226

2:30 p.m.
Appropriations
Foreign Operations Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1991 for foreign assistance programs.
Room to be announced

JUNE 27

9:30 a.m.
Commerce, Science, and Transportation
Consumer Subcommittee
To hold hearings to examine the Federal Trade Commission's (FTC) international antitrust jurisdiction over foreign companies.
SR-253

JUNE 28

9:30 a.m.
Veterans Affairs
Business meeting, to consider pending legislation relating to veterans compensation and health-care benefits.
SR-418

2:00 p.m.
Foreign Relations
Terrorism, Narcotics and International Operations Subcommittee
Western Hemisphere and Peace Corps Affairs Subcommittee
To hold joint hearings on proposed U.S. military training for Peru.
SD-419

JULY 11

10:00 a.m.
Judiciary
Constitution Subcommittee
To hold hearings on S. 2370, to revise Federal copyright law to apply the fair use doctrine to all copyrighted work, whether published or unpublished.
SD-226

JULY 12

9:30 a.m.
Select on Indian Affairs
To hold hearings to examine protective services for Indian children, focusing on alcohol and substance abuse programs.
SR-485

2:00 p.m.
Agriculture, Nutrition, and Forestry
Agricultural Research and General Legislation Subcommittee
To hold hearings on the U.S.-Canada open border trade agreement, focusing on meat and poultry.
SR-328A

CANCELLATIONS

JUNE 12

2:30 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1991 for foreign assistance, focusing on eastern Europe.
SD-138

POSTPONEMENTS

JUNE 12

2:45 p.m.
Commerce, Science, and Transportation
To hold hearings on seeking an international consensus on the science of global climate change.
SR-253

JUNE 21

9:30 a.m.
Governmental Affairs
Oversight of Government Management Subcommittee
To hold oversight hearings to review the effectiveness of the Program Fraud Civil Remedies Act.
SD-342

JUNE 22

2:00 p.m.
Agriculture, Nutrition, and Forestry
Agricultural Research and General Legislation Subcommittee
To hold hearings to review the U.S.-Canada open border agreement, focusing on meat and poultry.
SR-332